



Q3 2023

Oslo, 18 October 2023



# Agenda

## Highlights in the quarter

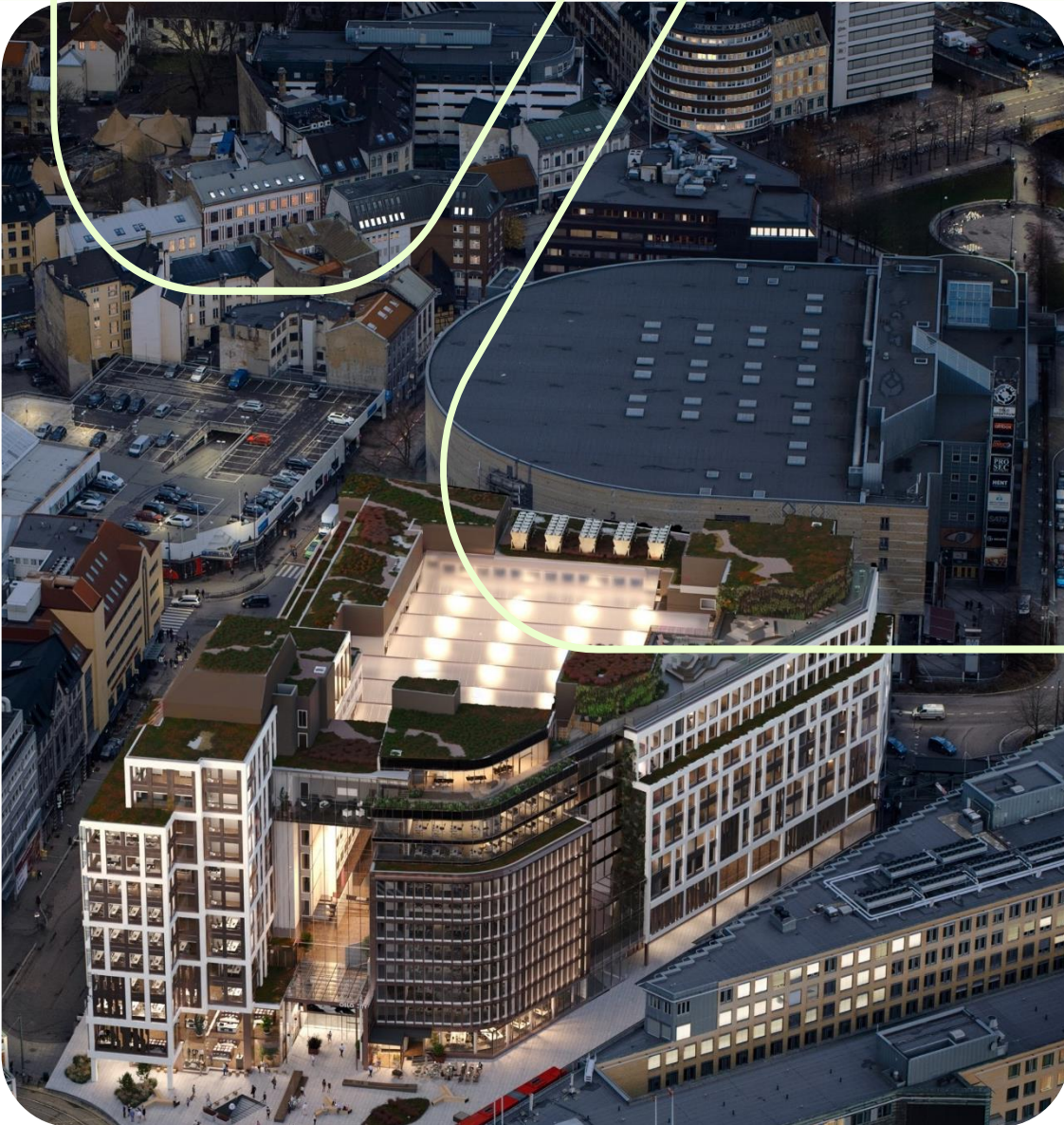
Operations and market

Financial update

Closing remarks

Q&A





# Highlights in the quarter

## Key figures:

(NOK million)	Q3-23	Q3-22	YTD Q3-23	YTD Q3-22
Rental income	833	788	2,559	2,352
Net income from property management	319	406	1,060	1,283
Net value changes	-2,197	-3,823	-4,712	-1,535
Profit/loss before tax	-1,894	-3,430	-3,703	-260

## Key events in the quarter:

- 6 % rental income growth Q on Q, 9 % year to date
- Higher interest costs and negative portfolio value changes affecting results
- No dividends will be paid for H1 2023
- Positive net letting of 29 million
- Recognised for ESG performance and reporting

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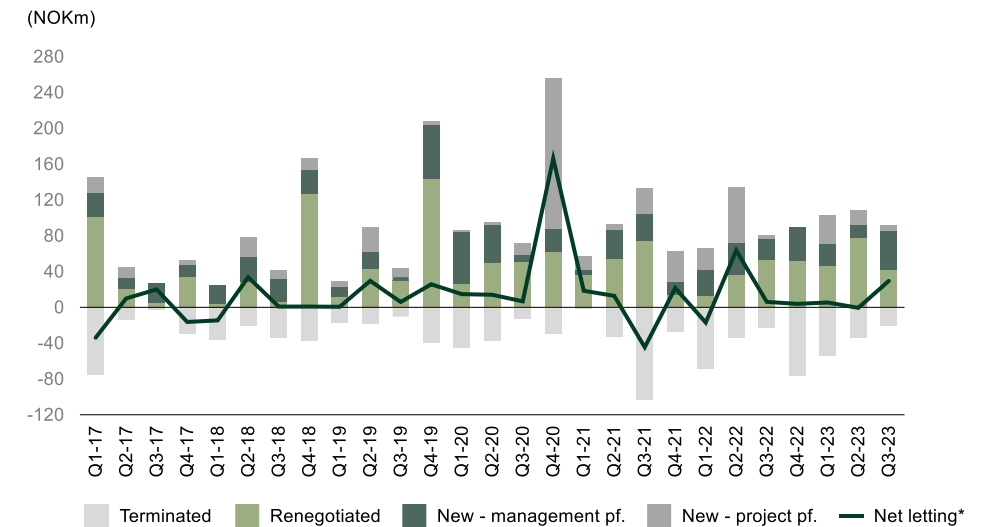
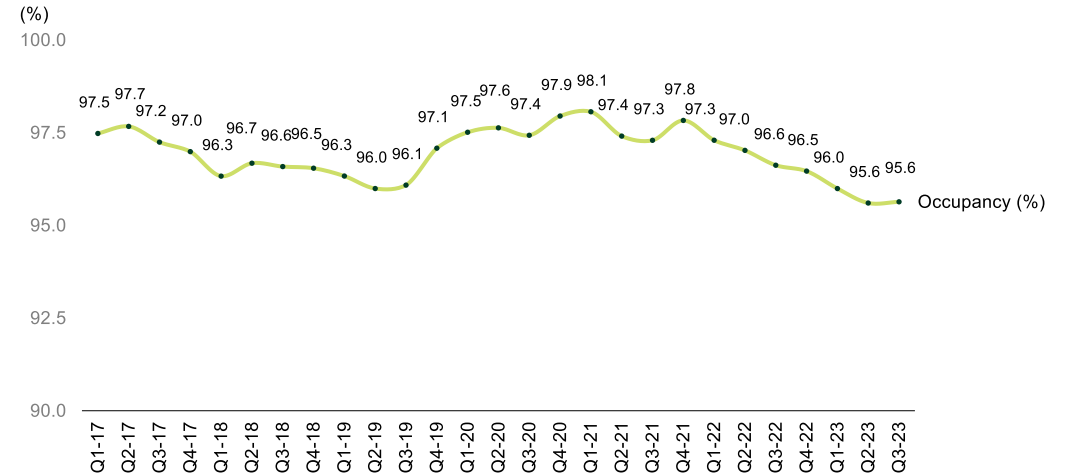


# Letting and occupancy

- New and renewed leases of 92 million (36,600 sqm)
- Terminated contracts of 21 million
- Net letting of 29 million
- Occupancy unchanged at 95.6 %
- WAULT at 6.1 years (6.2 years incl. project portfolio)
- 58 % of rental income from public sector tenants

## Largest new and renegotiated contracts

Property	Tenant	Sqm	Contract
Brynsengfaret 6, Oslo	ABK Qviller	3,300	New
Karenslyst allé 7, Oslo	SATS	3,200	Renegotiated
Cort Adellers gate 30, Oslo	Handelsbanken	2,700	New and renegotiated
Brattørkaia 17A, Trondheim	Sopra Steria	2,000	New and renegotiated
Schweigaards gate 15, Oslo	Rejlers	1,700	New
Christian Krohgs gate 10, Oslo	Private tenant	1,600	New
Løkketangen 2-14B ,Sandvika	Ortopediteknikk	1,500	New and renegotiated



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

# Ongoing development portfolio

	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>								
Stenersgata 1	Oslo	Very good	Q4-23 ↑	15,800	79	1,316	1,291	4.5
Schweigaards gate 15	Oslo	Very good	Q2-23 / Q2-24 ↑	22,900	88 ↑	1,422	1,215	4.8
<b>Newbuild</b>								
Holtermanns veg 1-13 phase III	Trondheim	Excellent	Q4-25 ↑	15,500	60	684	188	5.7
Malmskriverveien 16	Sandvika	Excellent	Q3-24	2,700	100	175	50	5.0
<b>Total</b>				<b>56,900</b>	<b>80<sup>3)</sup></b>	<b>3,596</b>	<b>2,744</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 initial value)

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

Remaining capex 23-25:  
**NOKm 852**

# Highly recognised for ESG performance and reporting

## GRESB: Five star rating



## EPRA: Gold



## Position Green: A Score



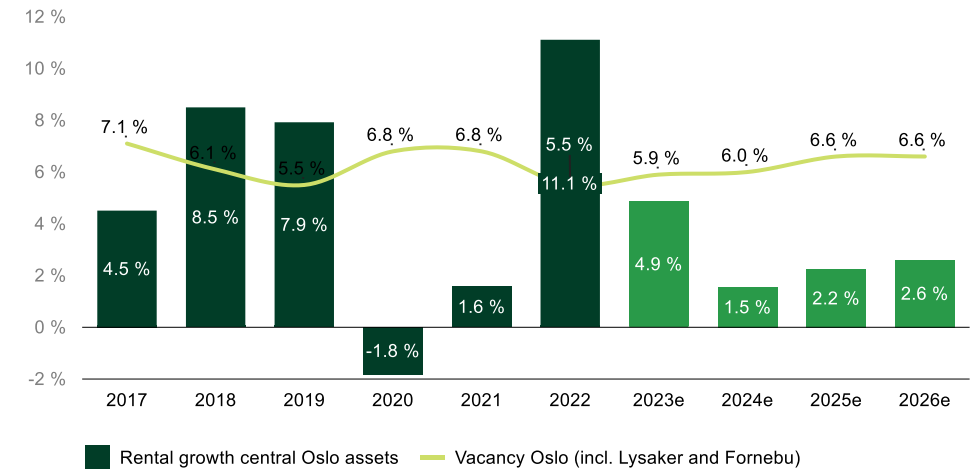
# Market development

## - Rent and Vacancy

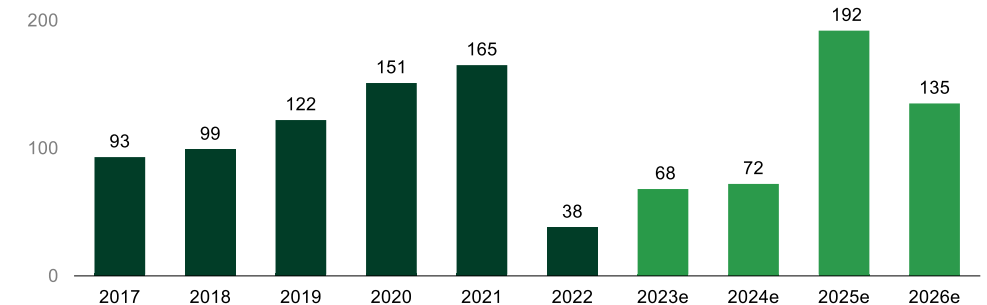
- Norwegian economy holding up well under current interest rate regime
  - Expected GDP growth\* of 1.2 % in 2023, up to 2 % in 2024
  - Low unemployment\* at 3.5 %, employment growth\* expected at 1.4 % in 2023
  - Key policy rate hiked with 25 bps in September, currently at 4.25 %
  - Inflation on a downward trend, September CPI at 3.3 %
- Norwegian property market fundamentals continue to be favourable
  - Good activity in the letting market
  - More moderate expectations for rental growth after record strong 2022
  - Vacancies expected to increase slightly, but remain at low levels
  - Low newbuild activity, breakeven rents for new-builds, significantly above current market rents

• Statistics Norway, September 2023

### Market rental growth and vacancy in Oslo



### Newbuild volumes Oslo (1,000 sqm)



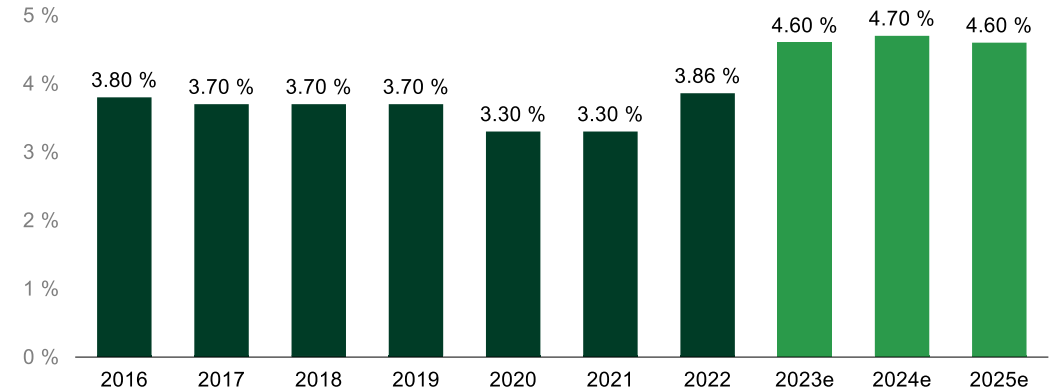


# Market development

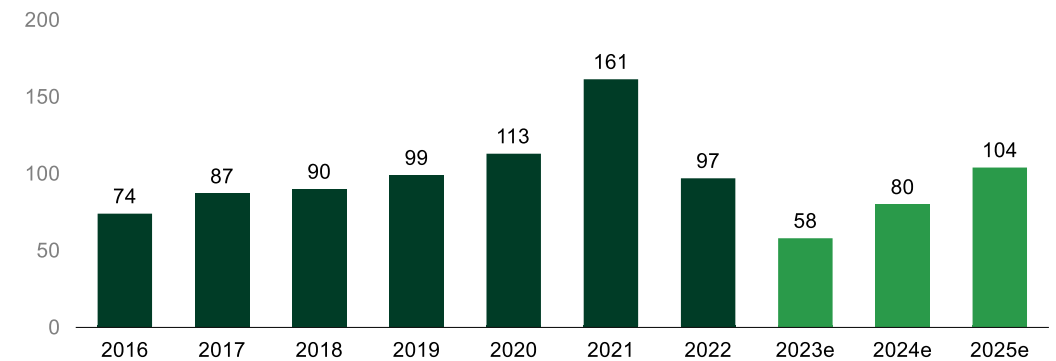
## - Transaction and yields

- Transaction activity continue to be slow
  - Total volume of around 35 billion first nine months, down 55 % YoY\*
  - Mainly value-add assets or driven by strategic interest
- More clarity on outlook for inflation and interest rates needed for the transaction market to open
- Market specialist expectations:
  - Prime yields expected to top out at around 4.7 %
  - Secondary yields currently at 5.5 – 5.6 %

### Prime yield Oslo

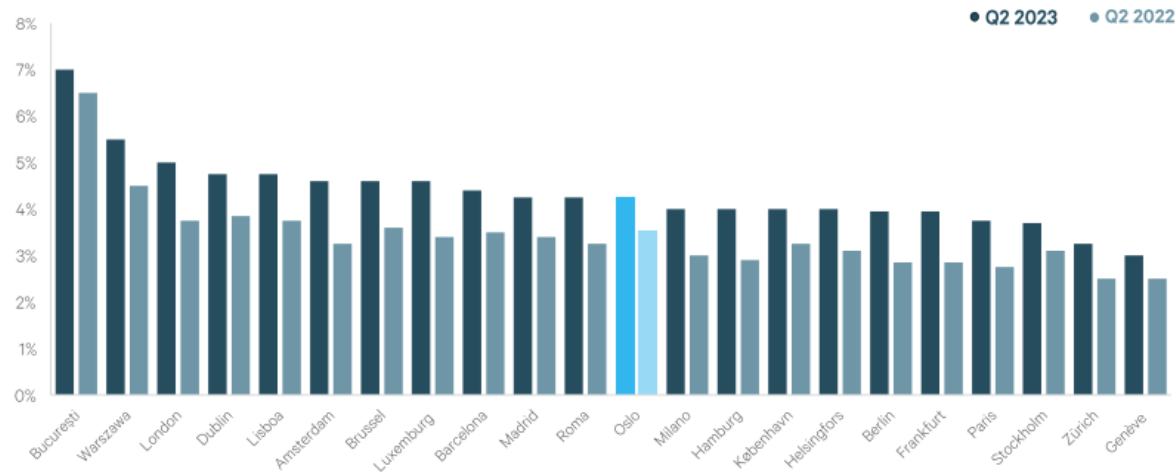


### Total transaction volume (NOK billion)

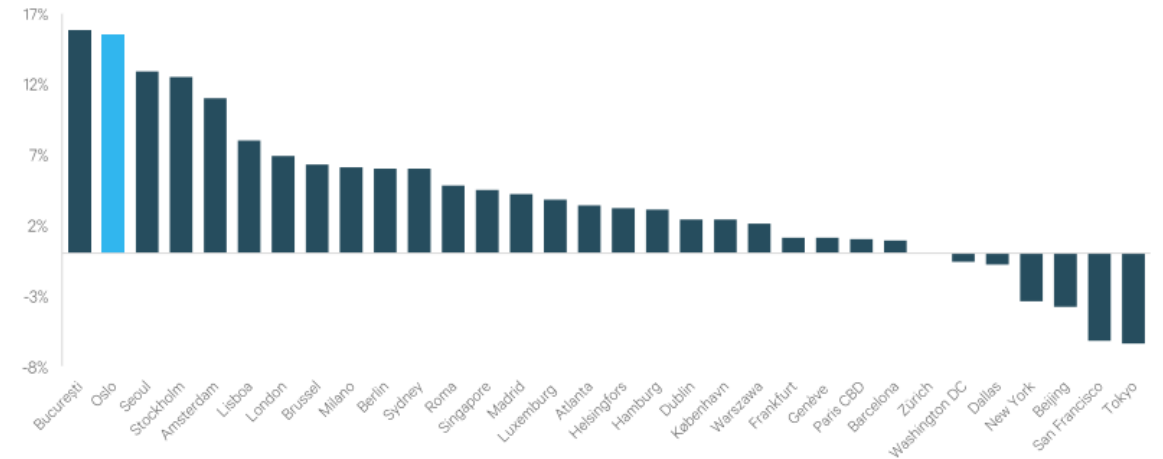


# Yields are up in Norway as in the rest of Europe ..... Oslo has also seen among the strongest market rental growth

Average yield expansion last 12 months (avg 94 bps)

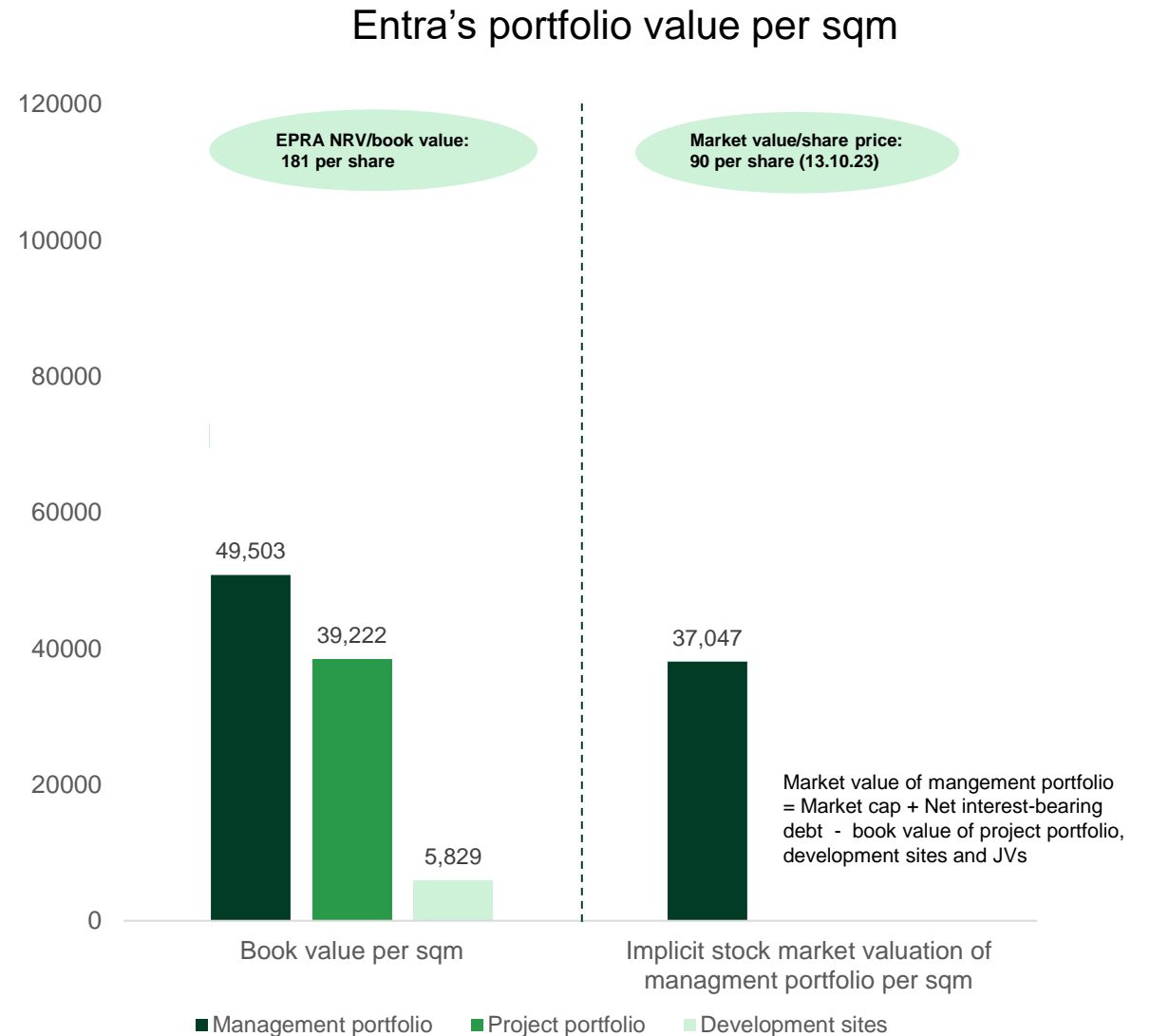
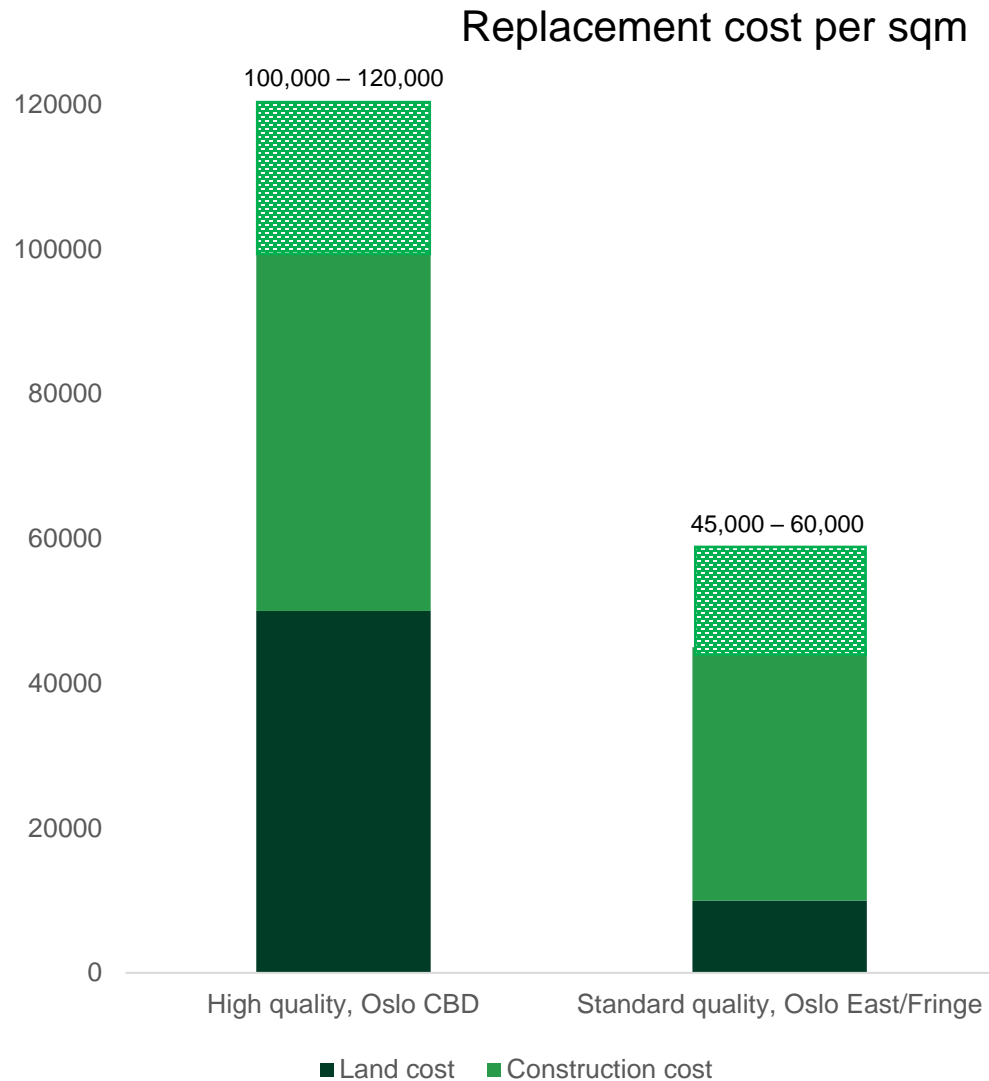


Market rental growth (Q2 2022 – Q2 2023)



Source: Cushman Wakefield Research and Union

# Current portfolio valuation below replacement cost



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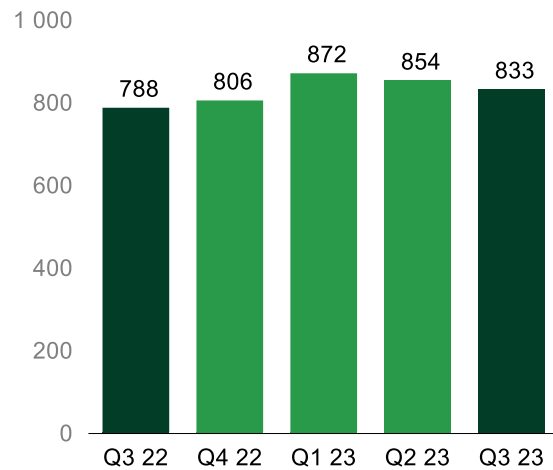
Q&A



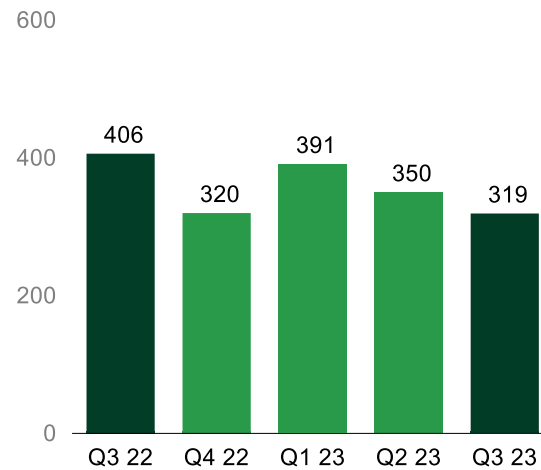
# Strong operating results in line with expectations; results impacted by higher financing costs and negative value changes

NOK million

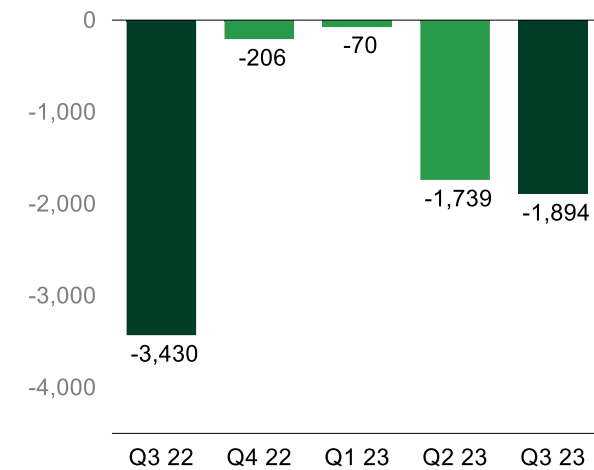
## Rental income



## Net income from property management



## Profit/loss before tax

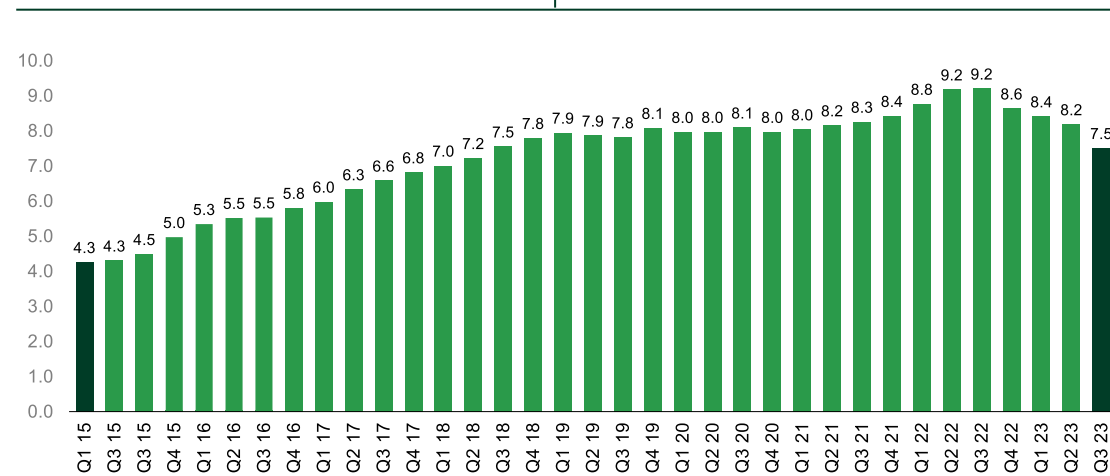


# Key financials per share holding up well in today's market

NOK per share

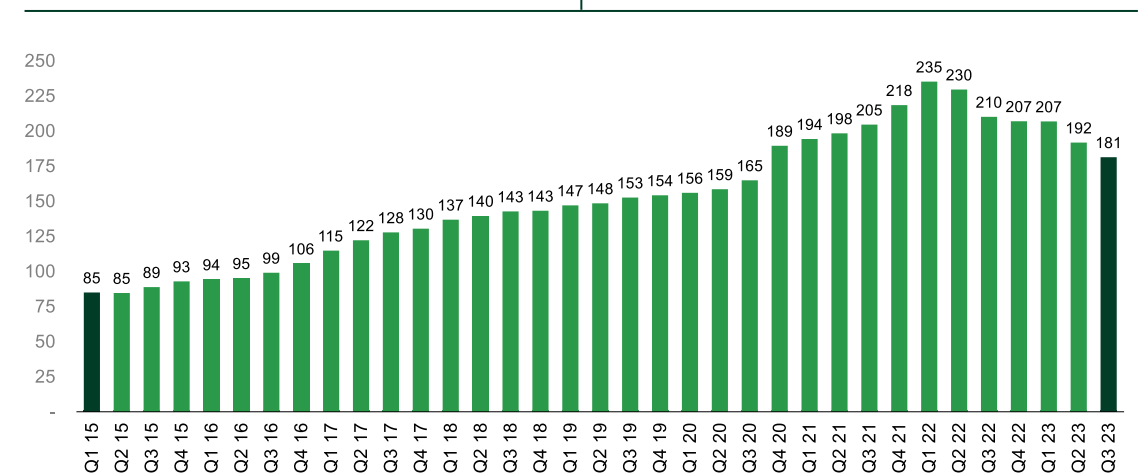
## Cash Earnings<sup>1)</sup>

CAGR: 7 %



## EPRA NRV

CAGR: 9 %



1) Annualised, rolling four quarters

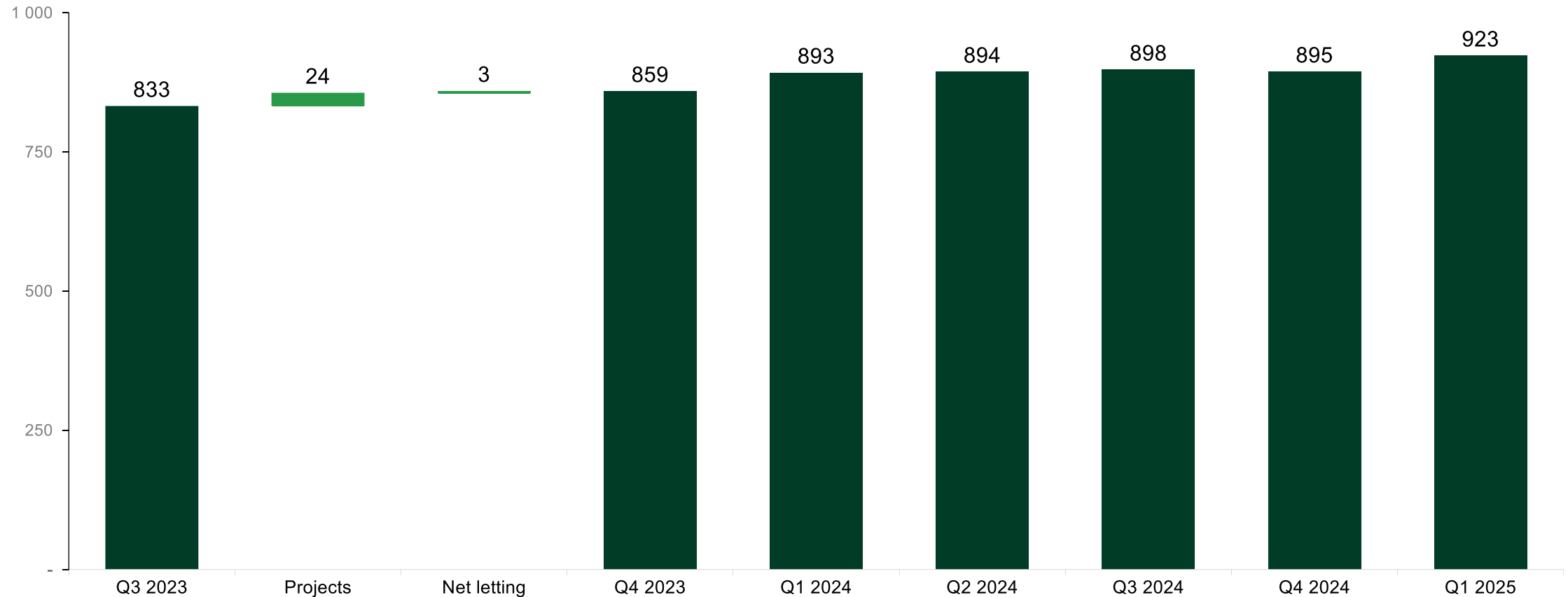
# Profit and loss statement impacted by negative value changes and higher financing costs

All amounts in NOK million	Q3-23	Q3-22	YTD Q3-23	YTD Q3-22	2022
Rental income	833	788	2,559	2,352	3,158
Operating costs	-70	-66	-211	-189	-263
Net operating income	763	723	2,347	2,163	2,895
Other revenues	18	21	63	68	112
Other costs	-12	-15	-43	-55	-85
Administrative costs	-44	-45	-141	-154	-210
Share of profit from associates and JVs	-17	-17	-52	-20	-37
Net realised financials	-404	-275	-1,165	-727	-1,095
<b>Net income</b>	<b>303</b>	<b>393</b>	<b>1,009</b>	<b>1,274</b>	<b>1,579</b>
- of which net income from property management	319	406	1,060	1,283	1,603
Changes in value of investment properties	-2,242	-3,953	-5,130	-2,156	-2,519
Changes in value of financial instruments	45	130	418	622	473
Profit/loss before tax	-1,894	-3,430	-3,703	-260	-467
Tax payable	-3	-3	-10	-28	-31
Change in deferred tax	324	577	757	-81	-71
<b>Profit/loss for period/year</b>	<b>-1,573</b>	<b>-2,857</b>	<b>-2,956</b>	<b>-369</b>	<b>-569</b>

- Revenues and operations with cost control in line with expectations
- Financing costs impacted by higher interest rates
- Negative value changes on assets
- Portfolio net yield up 78 bps since peak valuations in Q1 2022; appr. 104 bps adjusted for effects of CPI growth

# Stable rental income development expected\*

NOK million

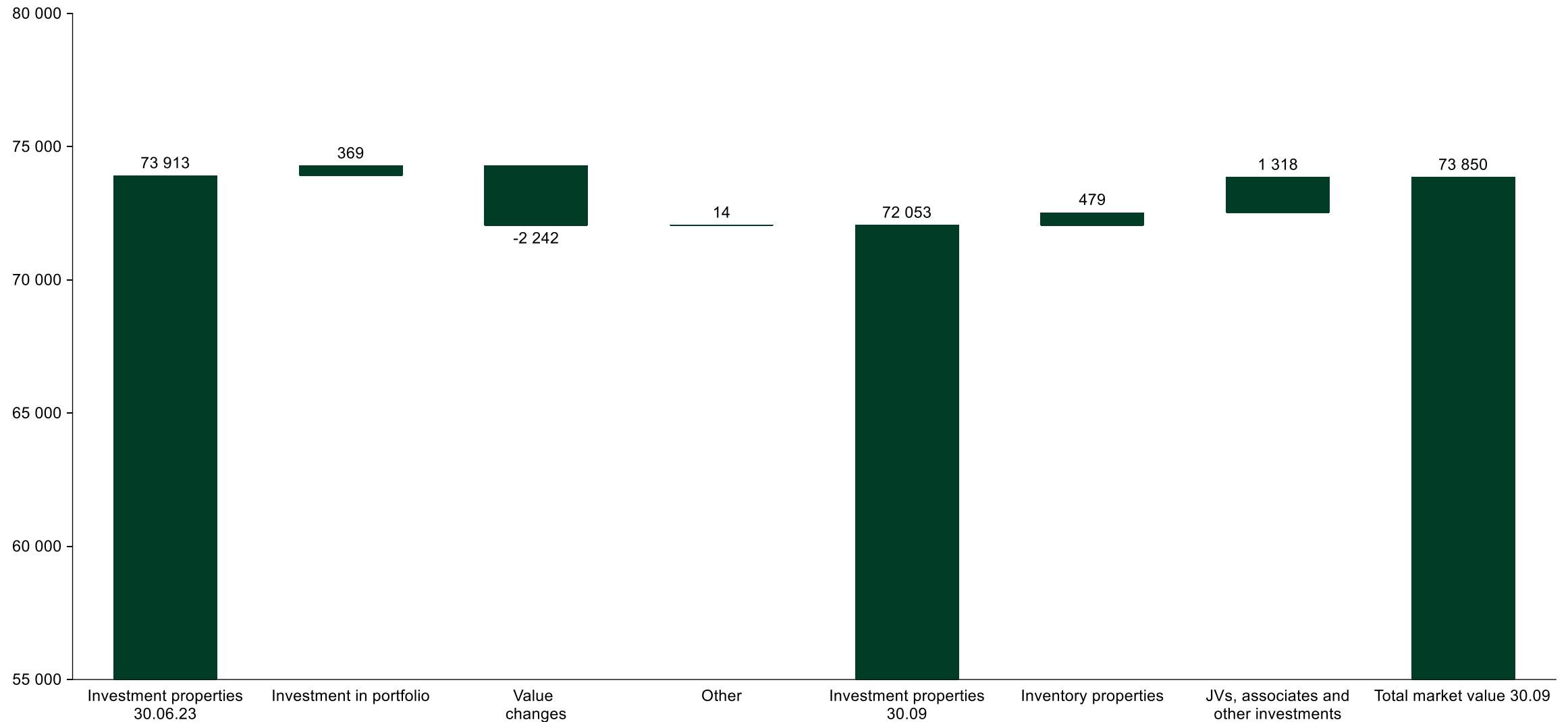


\* Based on reported events. Does not constitute a forecast; aims to demonstrate the rental income development based on all reported events; does not reflect letting targets on either vacant areas or on contracts that will expire, and where the outcome of the renegotiation process is not known. Assumes 5.0 % CPI from Q1 24 and 3.5 % CPI from Q1 25.



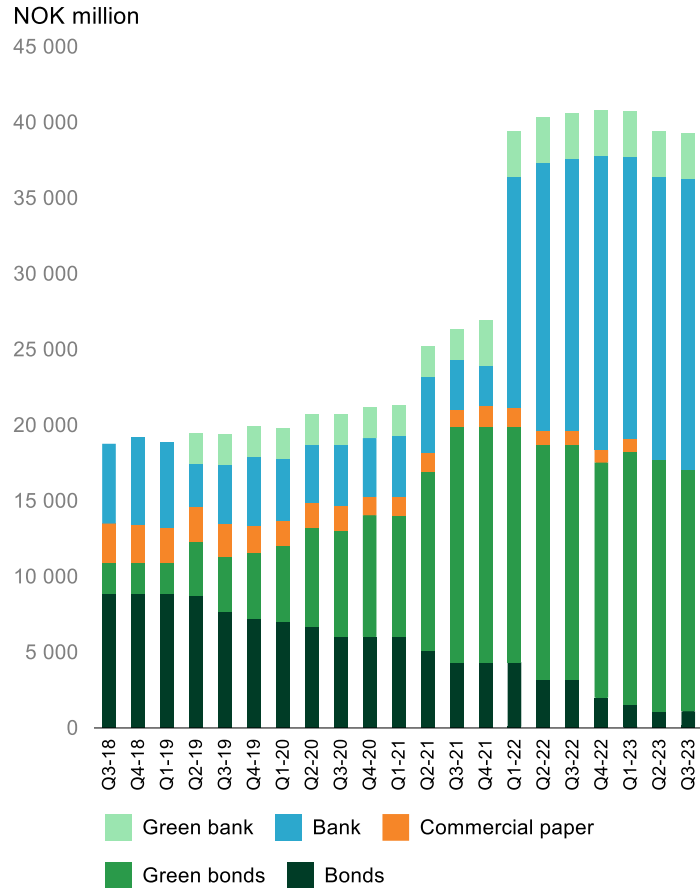
# Property value development in the quarter

NOK million

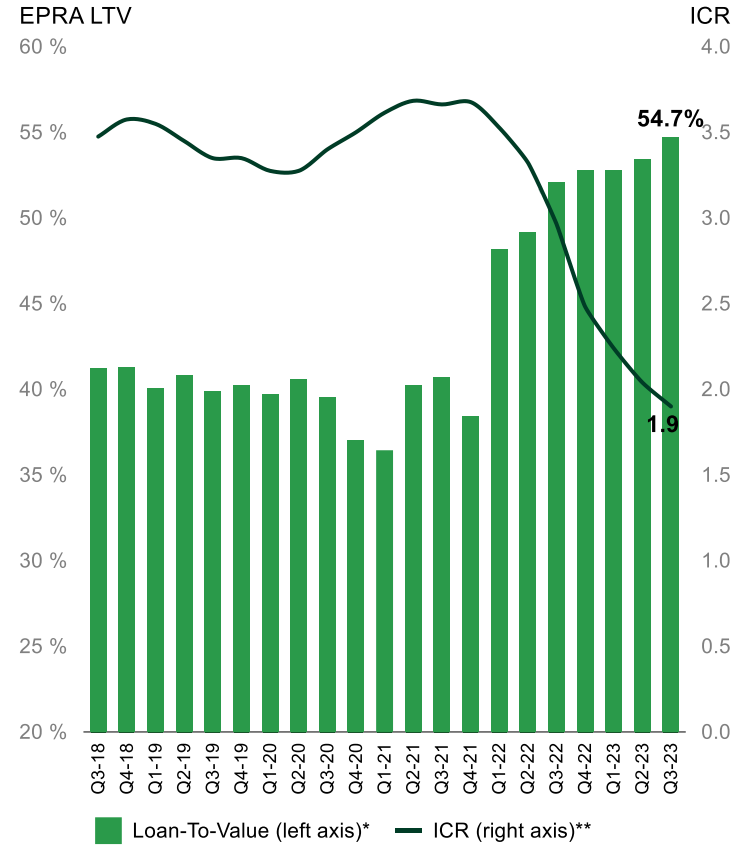


# Financing position and activities in the quarter

## Financing mix



## EPRA LTV\* and ICR\*\*



\* LTV according to Moody's definition: 51.6 %

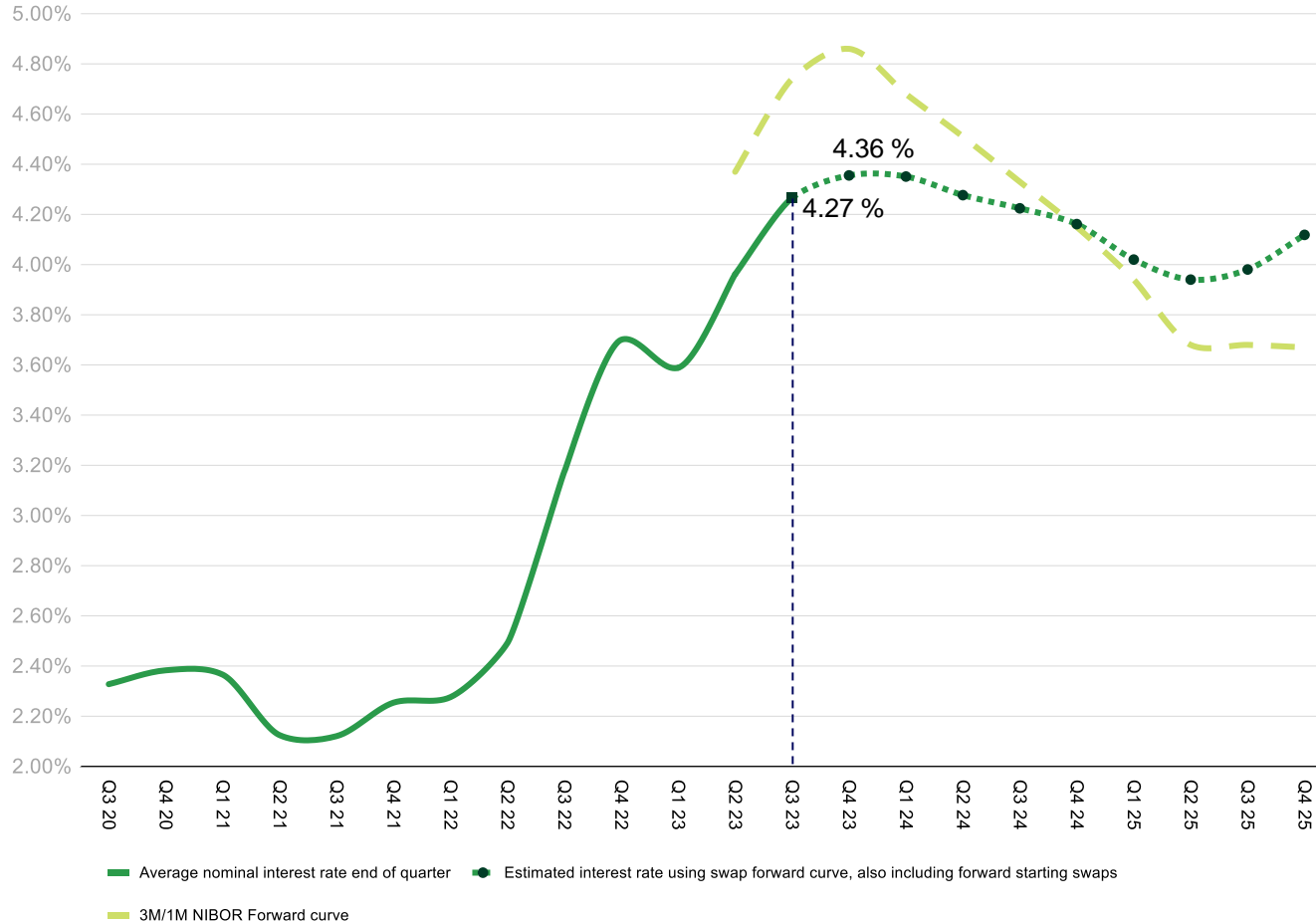
\*\* ICR calculated on last 4 quarters

## Q3 status

- Total unutilised credit facilities and cash of 6.8 billion as of 30.09
- Extended 1 billion bank facility
- Net nominal interest-bearing debt of 39.1 billion, reduced by 1.4 billion during Q2/Q3
- ICR and LTV under pressure vis-a-vis credit rating; but comfortable vs. bank covenants on 1.4x ICR and 75% LTV
- No ICR/LTV covenants in bond agreements

# Projected interest rate development

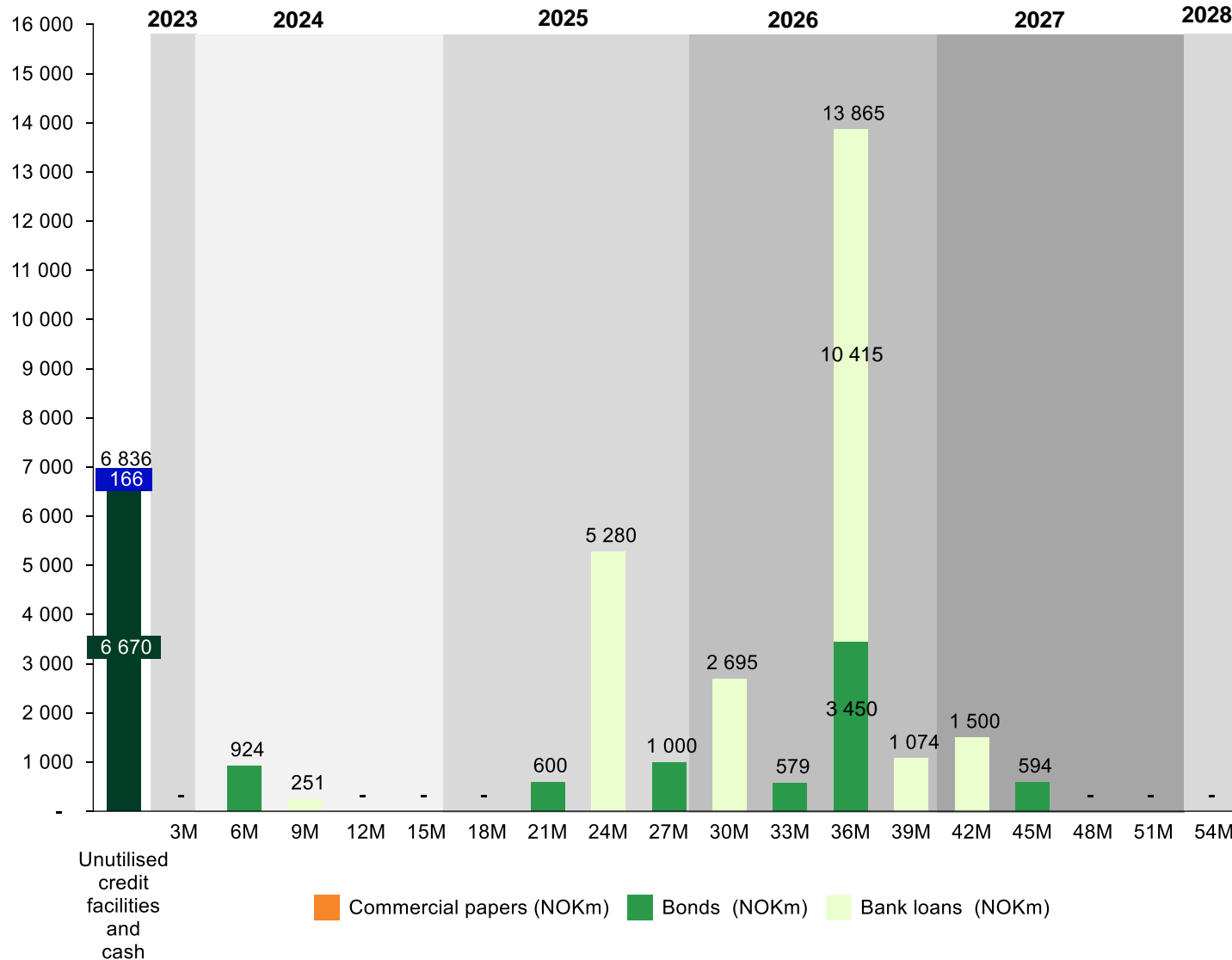
Entra's nominal interest rate, including credit margins



- 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
- 56.2 % of debt portfolio hedged at fixed rate
- Time to maturity of hedge portfolio of 4.3 years (incl. fwd. start swaps) of 22.1 billion
- Time to maturity of 2.2 years of fixed credit margins
- Deleveraging through asset rotation will have a positive effect also on the hedge position
- The average cost of debt curve is appr. 15 basis points lower as of Q3 than as of Q2

# Large liquidity buffer and manageable bond maturities next 4.5 years

NOK million



- 6.8 billion in available liquidity as of 30.09.23
  - 6.7 billion of unutilised credit facilities
  - 0.2 billion in cash
- Liquidity to finance 4.5 years of bond expiries
- 28.4 billion of debt maturing until medio 2028
  - 7.1 billion in bonds
  - 21.2 billion in bank debt
- 4.1 years average time to maturity of debt
- Transparent balance sheet with no exotic debt instruments



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Brynsengfaret 4 and 6

## Closing remarks and outlook

- Norwegian economy holding up well
- Interest rates expected to be at or nearby the top
- Good activity in the letting market, solid demand for centrally located offices
- Favourable market dynamics with low vacancies and limited new-build activity
- Large liquidity buffer, covers bond maturities next 4.5 years
- Divestment program ongoing, interest for Entra's centrally located, high quality assets

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Next event:  
4th quarter results  
9 February 2024

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