



# Q4/FY 2023

Oslo, 09 February 2024







# Highlights

## Key figures

(NOK million)	Q4-23	Q4-22	2023	2022
Rental income	860	806	3 418	3 158
Net income from property management	296	320	1 356	1 603
Net value changes	-3 440	-511	-8 152	-2 046
Profit/loss before tax	-3 164	-206	-6 868	-467

## Key events

- 7 % rental income growth Q4 23 vs Q4 22, 8 % in 2023
- Higher interest costs and negative portfolio value changes affecting results
- Positive net letting of 23 million
- Finalised one redevelopment project
- Assigned Baa3 rating with stable outlook from Moody's
- Sale of three properties in Q4 24 and signed LOI for sale of Trondheim portfolio in Q1 24
- Proposing to not pay any dividend for H2/full year 2023
- Ole Anton Gulsvik appointed as new CFO

# Agenda

---

Operations and market

---

Financial update

---

Closing remarks

---

Q&A

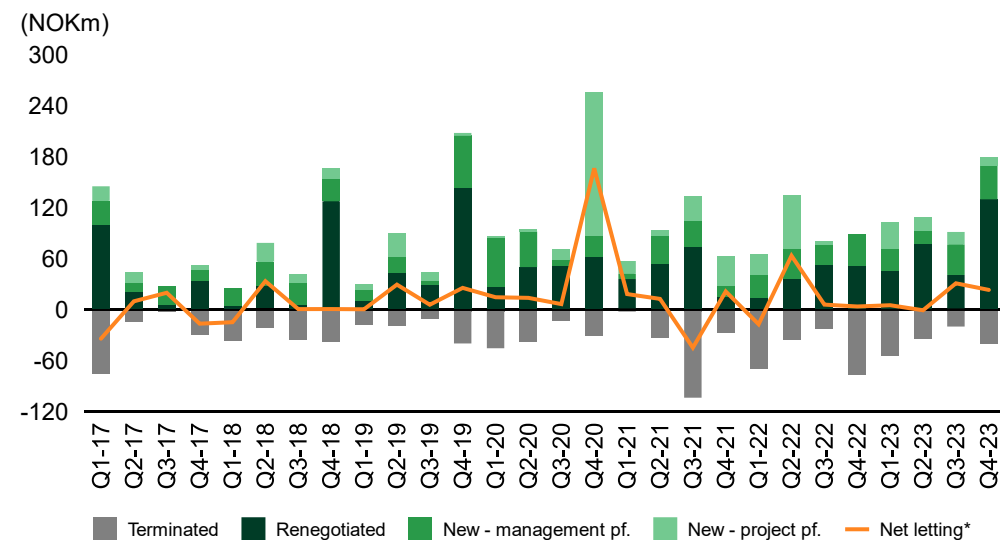
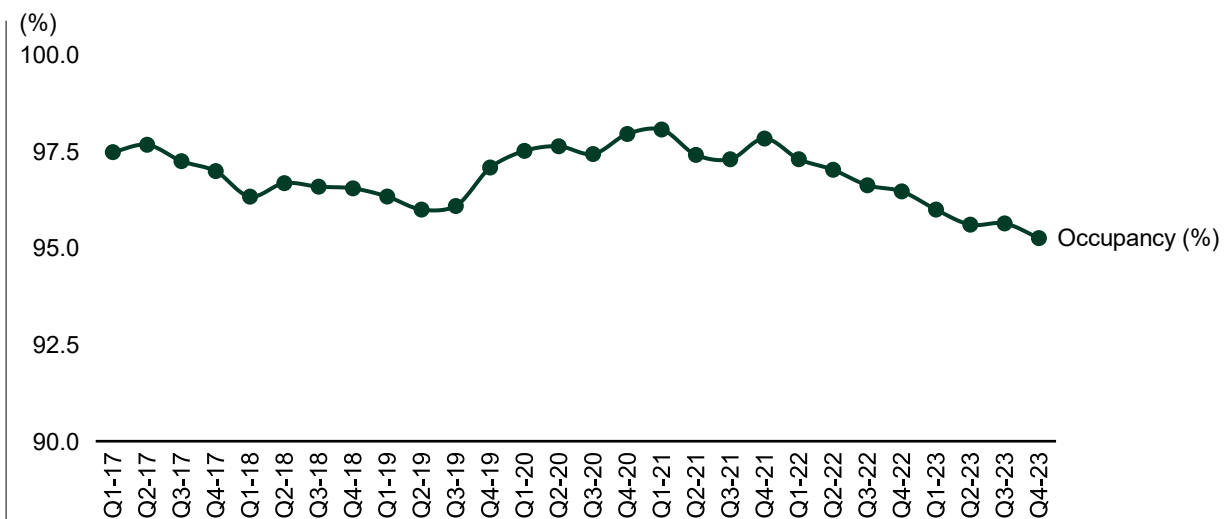
# Operations and market

# Letting and occupancy

- New and renewed leases of 180 million (83 800 sqm)
- Terminated contracts of 40 million
- Net letting of 23 million
- Occupancy 95.3 %
- WAULT at 6.1 years (6.3 years incl. project portfolio)
- 57 % of rental income from public sector tenants

## Largest new and renegotiated contracts

Property	Tenant	Sqm	Contract
Lagårdsveien 6, Stavanger	The Norwegian Police	17 000	Renegotiated
Grensesvingen 7, Oslo	The Norwegian Environment Agency	11 350	Renegotiated
Nonnesetergaten 4, Bergen	The Norwegian Tax Authorities	8 600	Renegotiated
Biskop Gunnerus gate 14 A, Oslo	Norwegian Post	8 400	Renegotiated
Schweigaards gate 6-14, Oslo	Galleri Akershus	5 500	Renegotiated
Malmskriverveien 2 and 4, Sandvika	The District Court of Asker and Bærum	3 400	New
Brynsengfaret 6, Oslo	Roche Diagnostics Norway	2 450	Renegotiated



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



# Transactions in the quarter

- Sale of Cort Adelers gate 30 (two properties) in Oslo and Marken 37 in Bergen
- Total value of 1,020 million, 3.5 % below book values as of 30.9.23
- Closing in January 2024
- Proceeds used to strengthen balance sheet



Cort Adelers gate 30



Cort Adelers gate 30



Marken 37

# Q1-24: Signed letter of intent for sale of Trondheim portfolio

- 13 office properties in Trondheim, totalling around 187,500 sqm
- Total value of 6.45 billion, 1 % below Q4 book values\*
- Expected closing in Q2 2024
- LOI also includes forward sale of development project in Holtermanns veg 1-13 (phase 3), expected closing in 2026
- Subject to customary due diligence and clearance from Competition Authority
- Proceeds to strengthen balance sheet

\* 3 % below book values as of 30.9.23



# Significant value creation from developing the Trondheim portfolio

## Key portfolio figures:

	31.12.15	31.12.23	Change
No of properties	9	13	+ 4 properties
12 m rolling rent (NOKm)	178	407	+ 129 %
No of sqm	117 200	187 500	+ 60 %
Portfolio value (NOKm)	2 408	6 450	+ 168 %

## New build projects 2016 - 2023:

Trondheimsporten (2017)



Brattørkaia 16 (2018)



Brattørkaia 17 (2019)



Holtermannsv 1-13. ph I (2020)



Holtermannsv 1-13, ph II (2023)



Holtermannsv 1-13, ph III, ongoing project  
Forward sold, closing 2026



Total project cost (incl. land value): NOK 2.5 bn

Book value per 31.12.23: NOK 3.2 bn

ROI: + 0.73 bn / 29 %



# Finalised redevelopment project Stenersgata 1 (Oslo City)

## Large redevelopment, next to Oslo Central Station

15 100 sqm



84% let



Total project cost NOK 1 377 million



BREEAM-NOR Excellent



Yield on cost: 4.4%



# 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>								
Schweigaards gate 15	Oslo	Very good	Q2-23 / Q2-24	22 900	88	1 422	1 256	4.8
<b>Newbuild</b>								
Malmskriverveien 16	Sandvika	Excellent	Q3-24	2 700	100	175	112	5.0
Holtermanns veg 1-13 phase III	Trondheim	Excellent	Q4-25	15 500	60	684	241	5.7
<b>Total</b>				<b>41 100</b>	<b>80 <sup>3</sup></b>	<b>2 281</b>	<b>1 609</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

# Attractive portfolio of ongoing and future projects

## Ongoing project portfolio



Schweigaards gate 15, Oslo  
Redevelopment of 22 900 sqm



Holtermannsv 1-13 (III), Trondheim  
Newbuild of 15 500 sqm



Malmskriverveien 16, Sandvika  
Newbuild of 2 700 sqm

Three ongoing projects 41 000 sqm

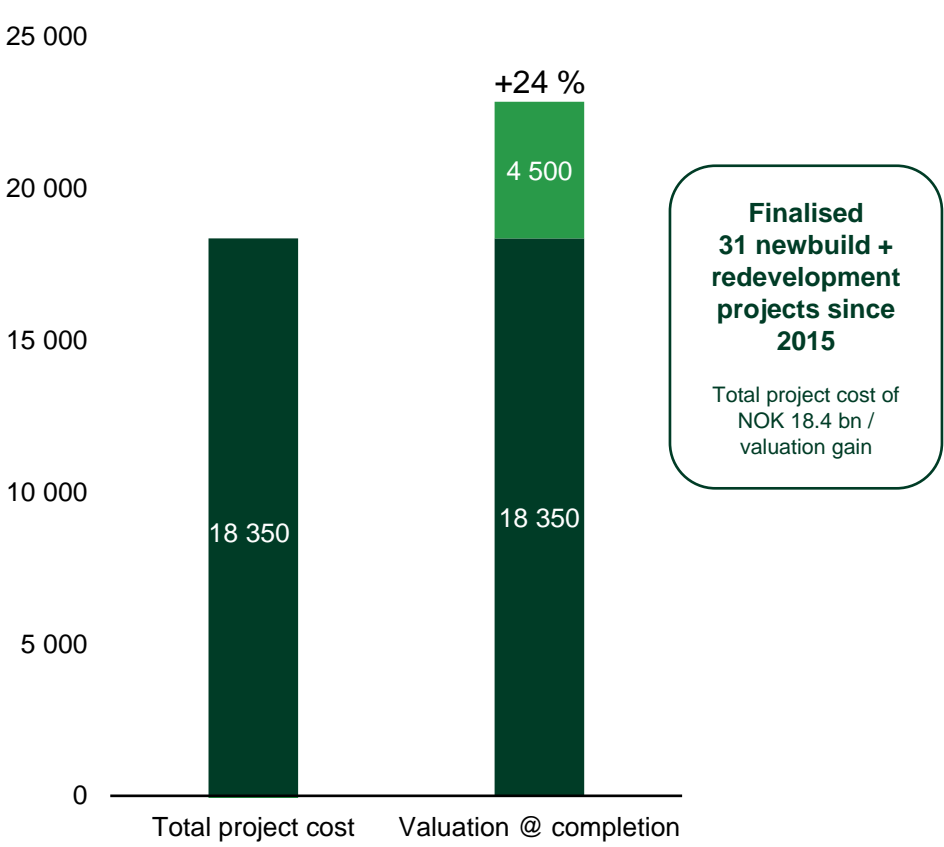


Zoned pipeline  
~103 000 sqm



Long term pipeline (unzoned)  
~270-300 000 sqm

## Solid track record of profitable project development





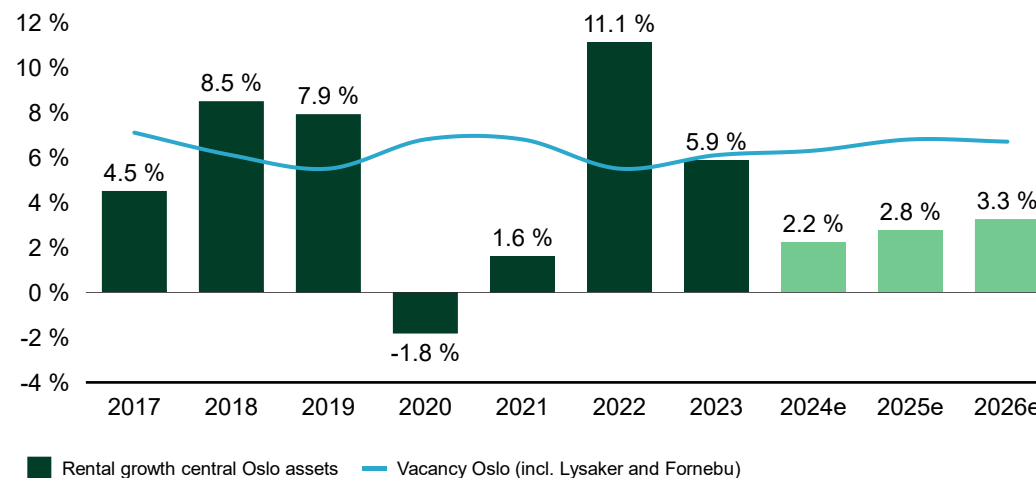
# Market development

## Rent and Vacancy

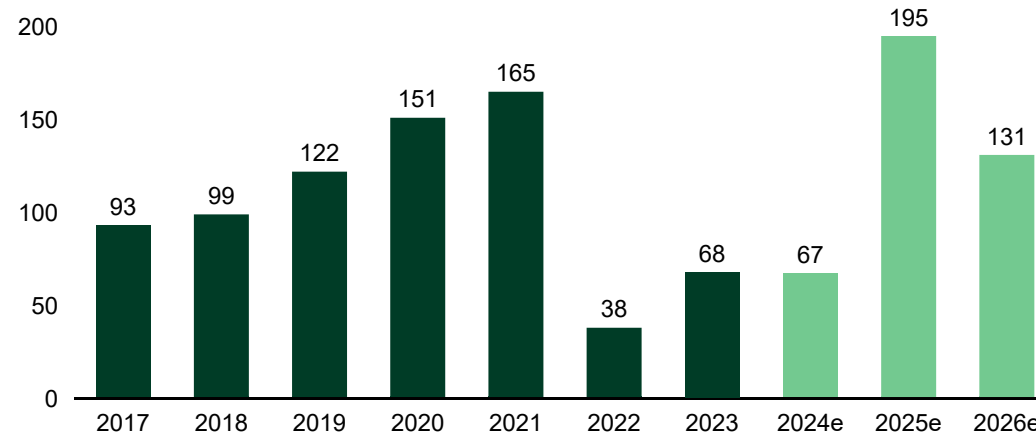
- Norwegian economy holding up well
  - Expected GDP growth\* of 2.2 % in 2024 (0.2 % in 2023)
  - Low unemployment, expected to increase slightly to 3.9 % (3.6 %) in 2024
  - Key policy rate expected to have reached a top at 4.50 %
  - Inflation on a downward trend, December CPI at 4.8 %
- Favourable Norwegian property market fundamentals
  - Solid activity in the letting market
  - More moderate expectations for rental growth going forward
  - Vacancies expected to increase slightly, but remain at low levels
  - Low newbuild activity, breakeven rents for new-builds significantly above current market rents
  - Favourable conditions for renegotiations
  - Limited impact on demand from work from home trend

Statistics Norway, December 2023

## Market rental growth and vacancy in Oslo



## Newbuild volumes Oslo (1,000 sqm)



Source: Entra consensus report Q4 2023, average of estimates from leading market specialists in Norwegian market

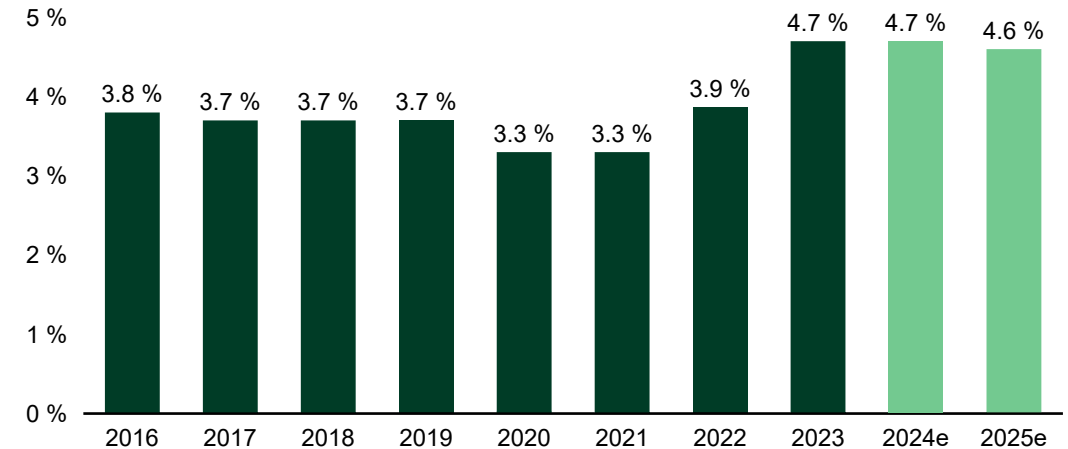
# Market development

## Transaction and yields

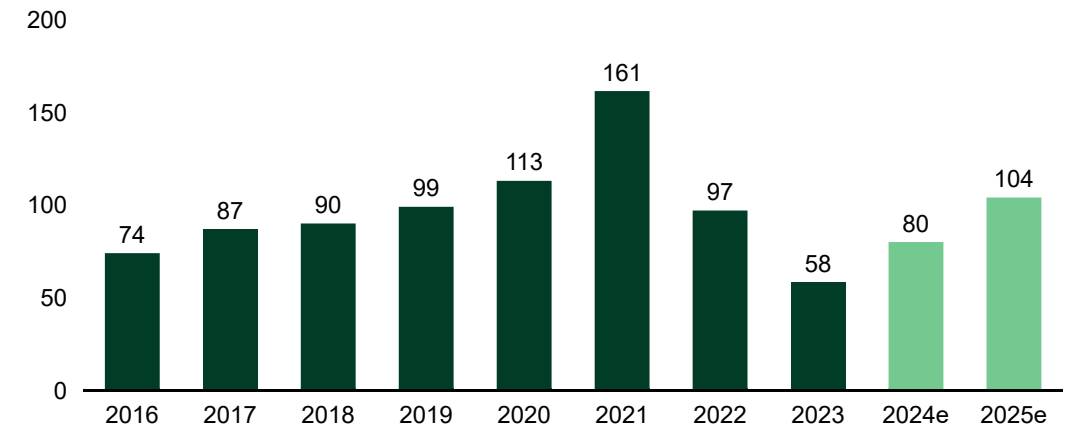
- Record low transaction volume in 2023
- Transaction activity expected to pick up in 2024
- Significant interest for Entra's assets
- More comfort on outlook for inflation and interest rates
- Financing markets opening up
- Oslo prime yield currently at around 4.7 %, not expecting further yield expansion

Source: Entra consensus report Q4 2023, average of estimates from leading market specialists in Norwegian market

## Prime yield Oslo

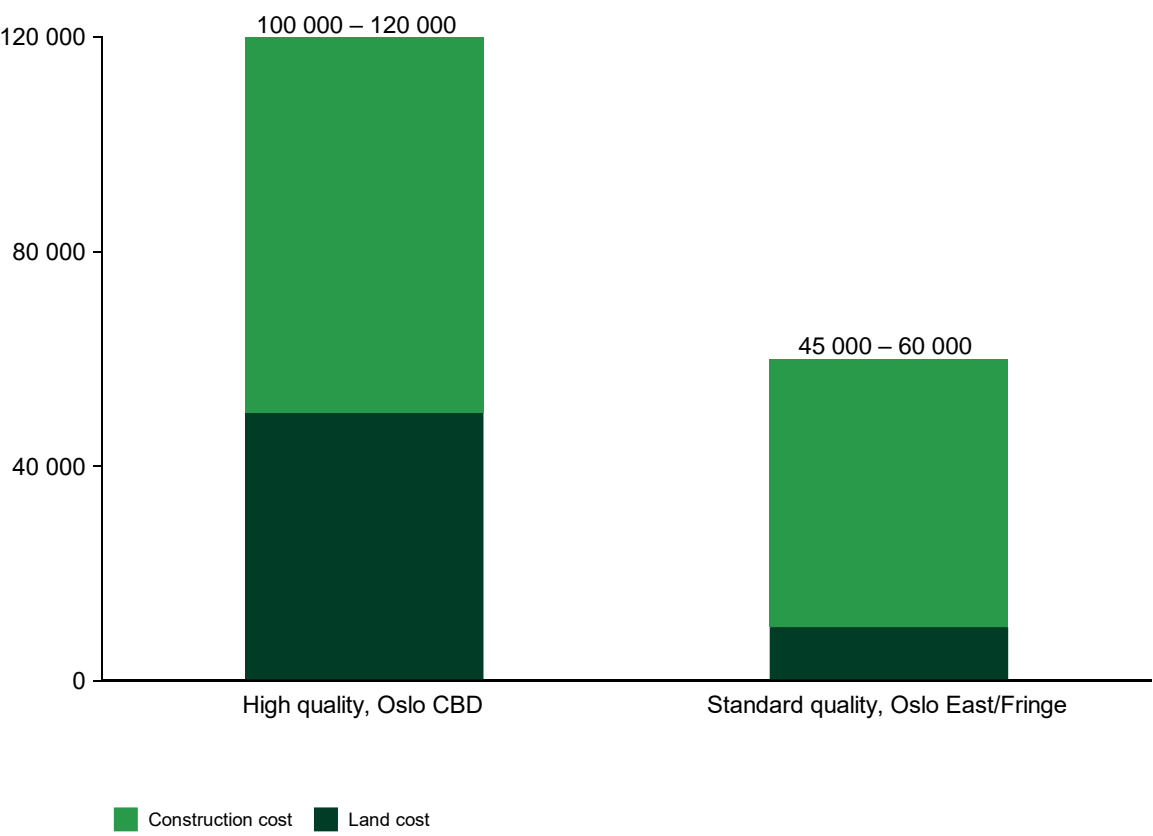


## Total transaction volume (NOK billion)

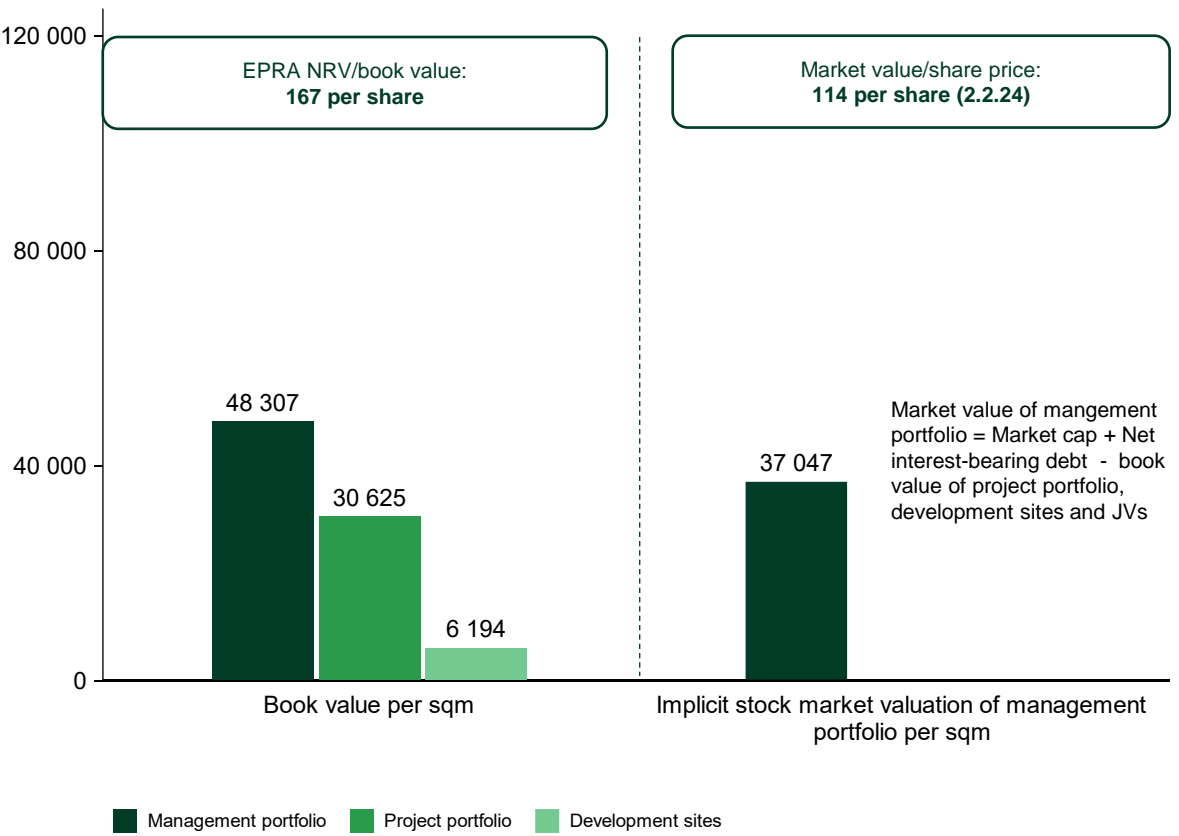


# Portfolio valuation below replacement cost

Replacement cost per sqm



Entra's portfolio value per sqm



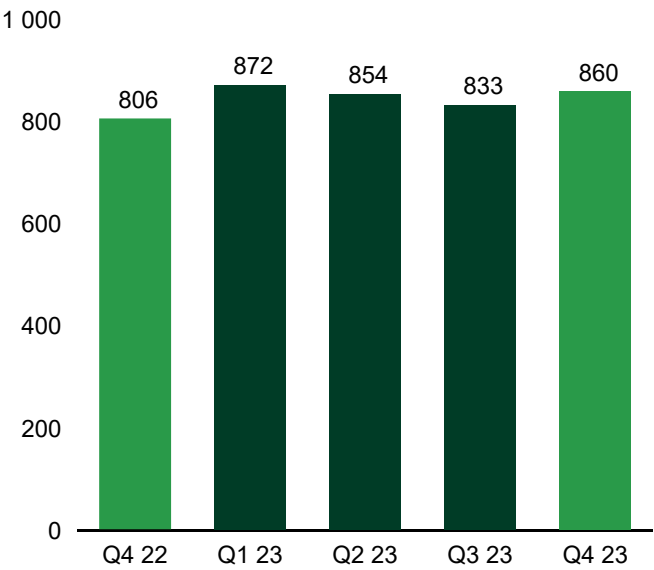


# Financial update

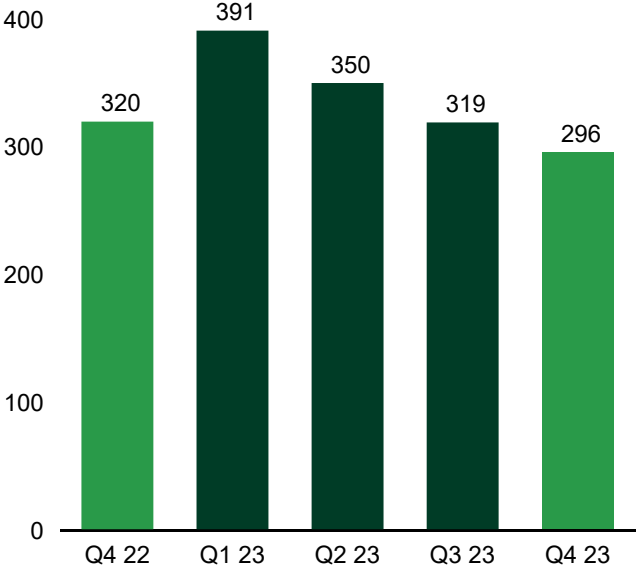
# Strong operating results in line with expectations; results impacted by higher financing costs and negative value changes

NOK million

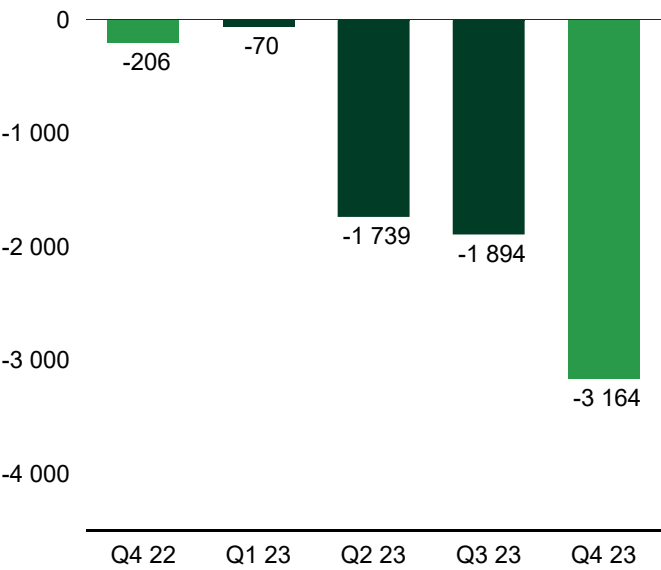
Rental income



Net income from property management



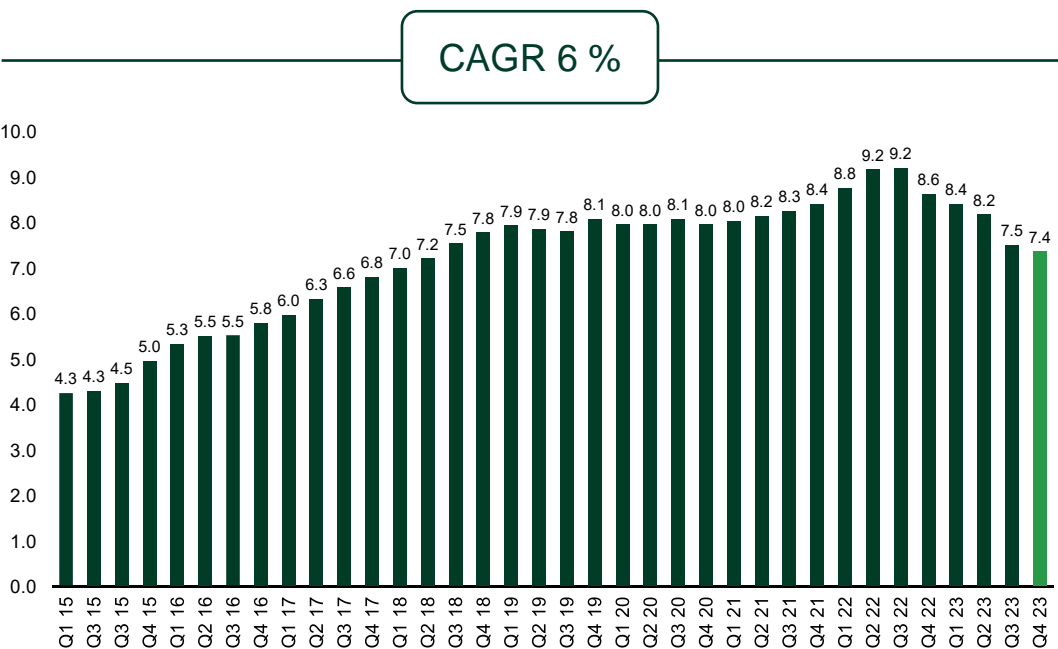
Profit/loss before tax



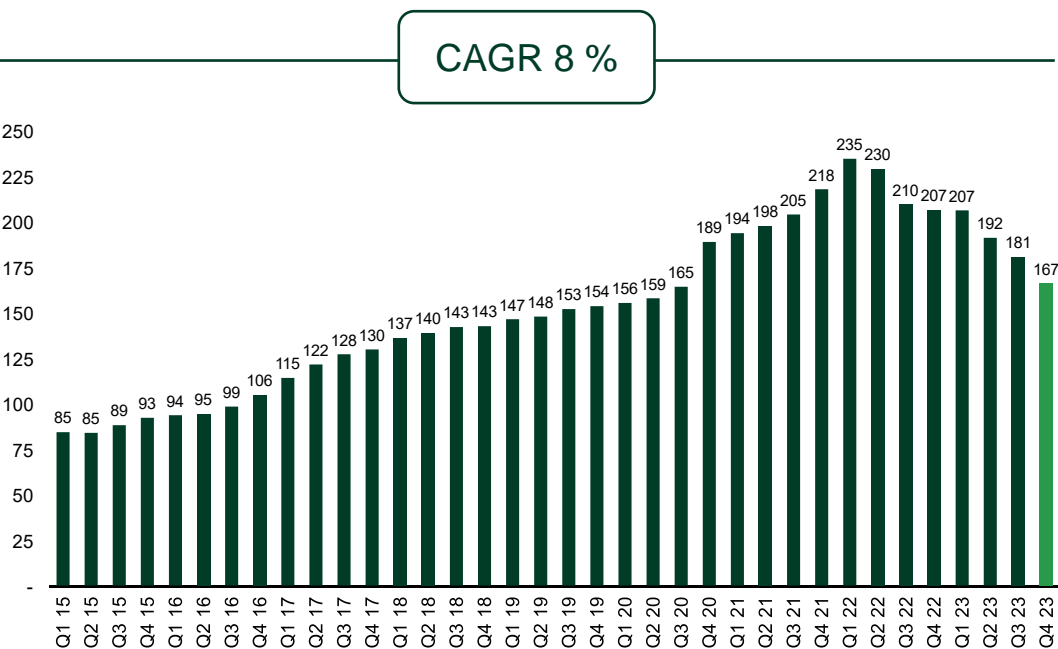
# Key financials per share holding up well in today's market

NOK per share

Cash Earnings<sup>1</sup>



EPRA NRV



<sup>1</sup> Annualised, rolling four quarters



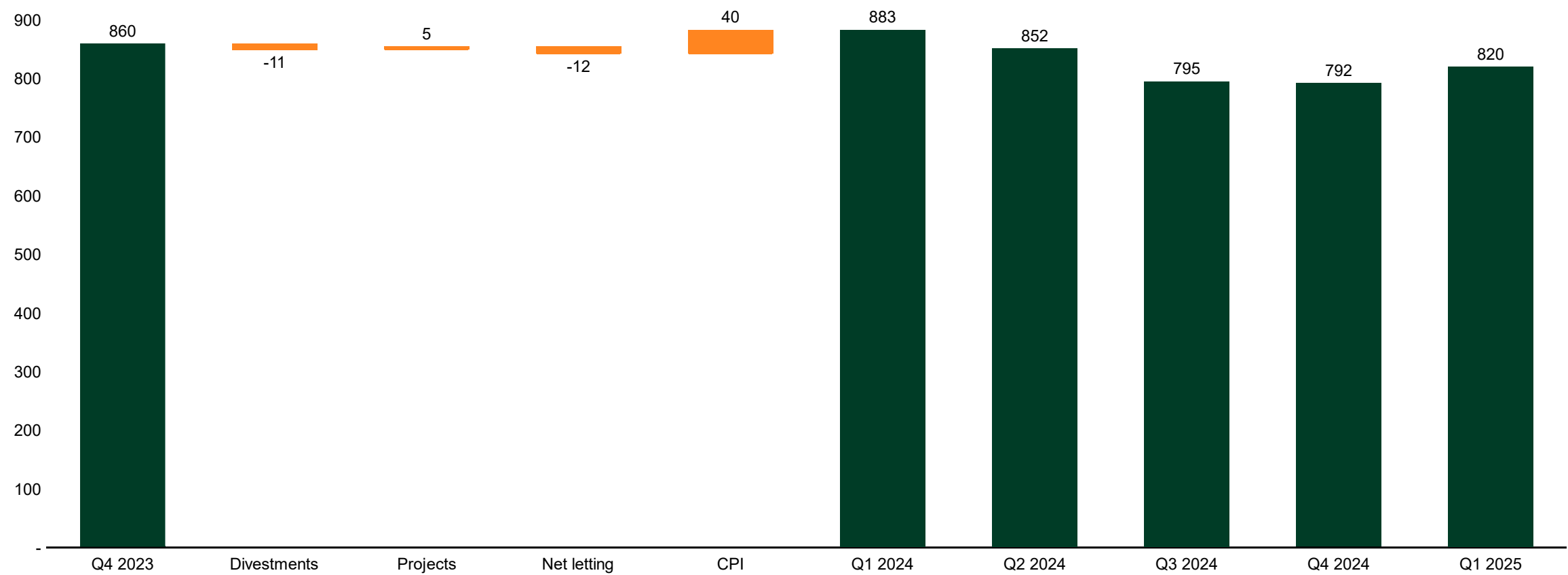
# Profit and loss statement impacted by negative value changes and higher financing costs

All amounts in NOK million	Q4-23	Q4-22	2023	2022
Rental income	860	806	3 418	3 158
Operating costs	-71	-74	-282	-263
<b>Net operating income</b>	<b>789</b>	<b>732</b>	<b>3 136</b>	<b>2 895</b>
Other revenues	29	44	92	112
Other costs	-23	-29	-67	-85
Administrative costs	-44	-57	-185	-210
Share of profit from associates and JVs	-19	-17	-72	-37
Net realised financials	-456	-368	-1 620	-1 095
<b>Net income</b>	<b>276</b>	<b>305</b>	<b>1 284</b>	<b>1 579</b>
<b>- of which net income from property management</b>	<b>296</b>	<b>320</b>	<b>1 356</b>	<b>1 603</b>
Changes in value of investment properties	-3 019	-363	-8 148	-2 519
Changes in value of financial instruments	-422	-149	-4	473
<b>Profit/loss before tax</b>	<b>-3 164</b>	<b>-206</b>	<b>-6 868</b>	<b>-467</b>
Tax payable	-4	-4	-13	-31
Change in deferred tax	542	10	1 299	-71
<b>Profit/loss for period/year</b>	<b>-2 626</b>	<b>-200</b>	<b>-5 582</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 110 bps since peak valuations in Q1 2022; appr. 135 bps adjusted for effects of CPI growth

# Rental income development impacted by planned divestment of Trondheim portfolio

NOK million



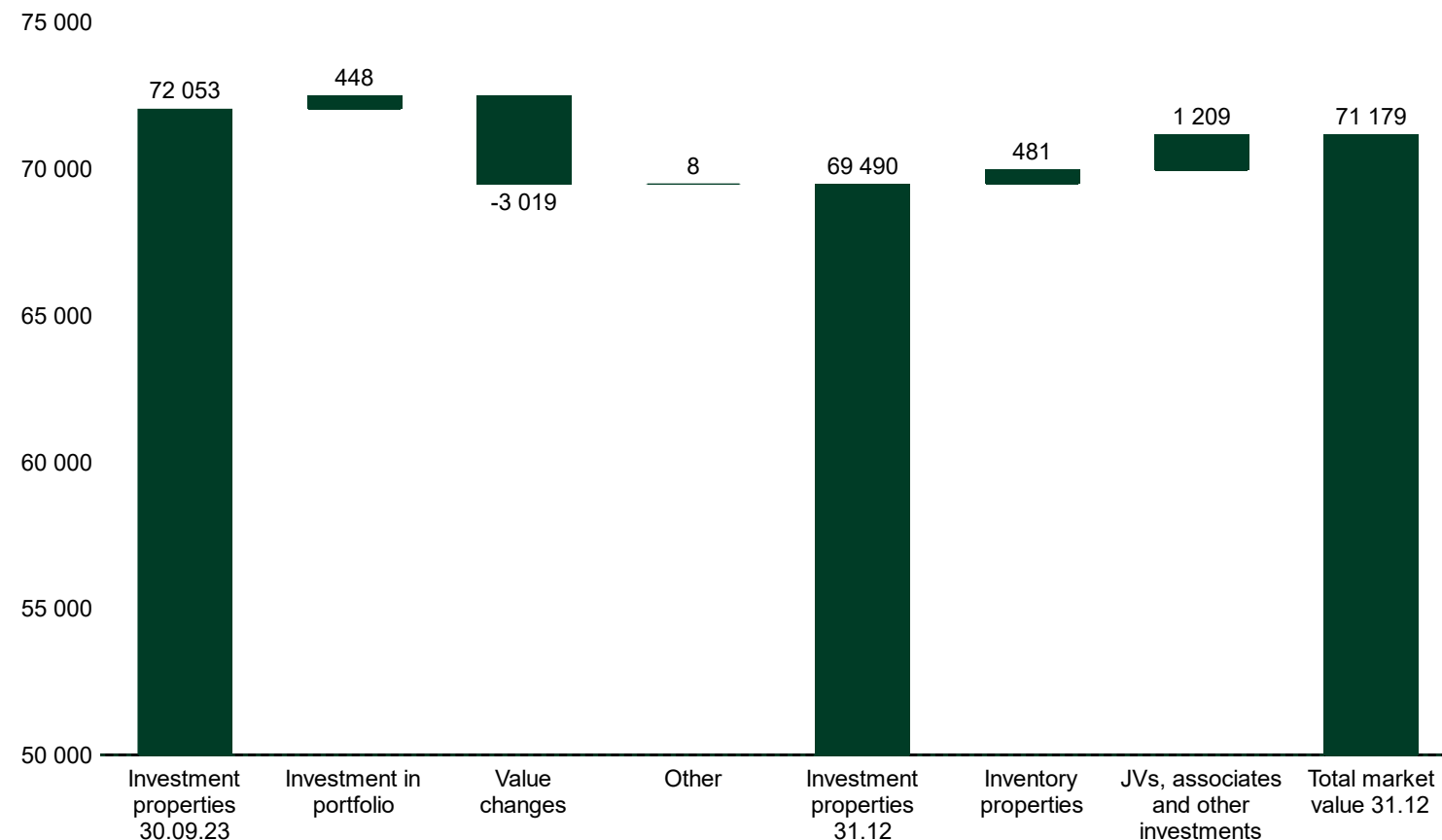
Based on reported events. Does not constitute a forecast; aims to demonstrate the rental income development based on all reported events; does not reflect letting targets on either vacant areas or on contracts that will expire, and where the outcome of the renegotiation process is not known. Assumes 4.8 % CPI from Q1 24 and 3.5 % CPI from Q1 25.

The graph includes the planned divestment of the Trondheim portfolio from 1 June 2024 with gross annual revenues of approximately 400 million.

# Property value development

## Property value development in Q4 23

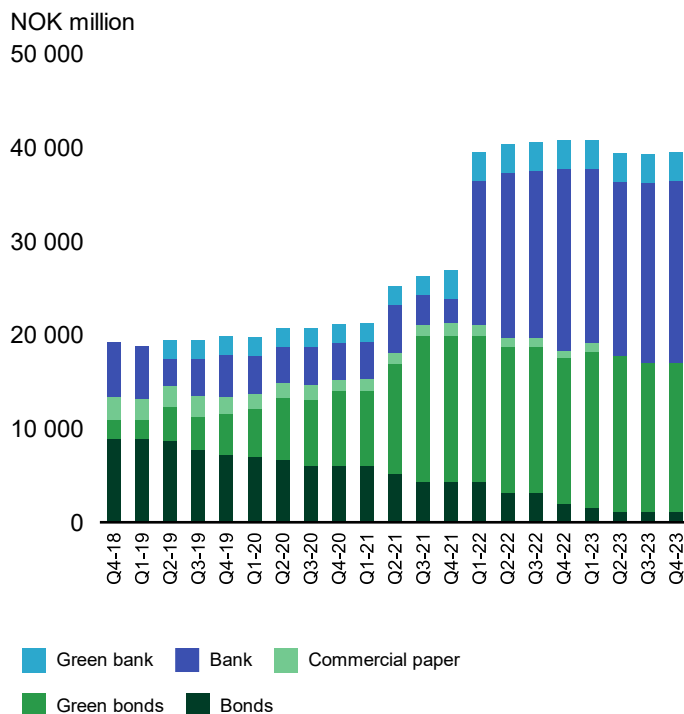
NOK million



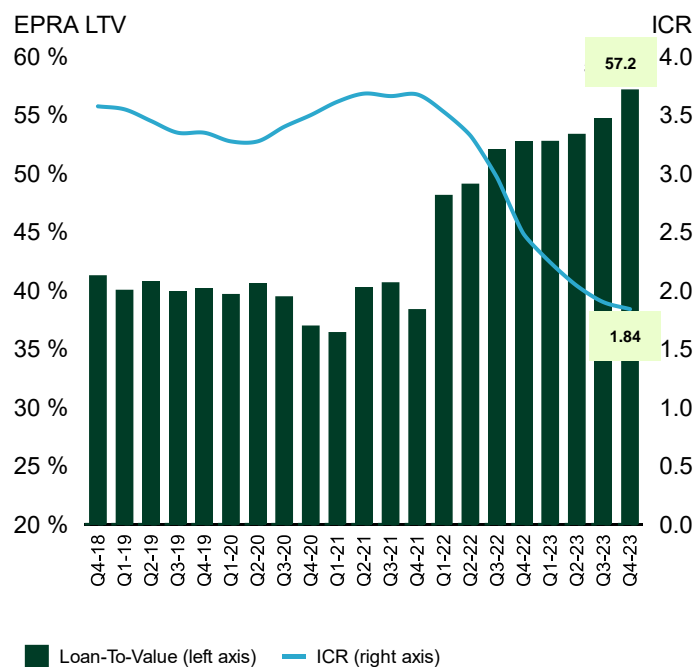
- 4 % write-down in property values in Q4
- Entra's average property yields adjusted up by 110 bp since peak valuation in Q1-22
- Isolated this would imply a negative effect on property values of 28%
- Good operations, high CPI, and a strong letting market have had an offsetting effect, and property values have been written down by 16% since Q1-22
- 12M rolling rent is up by 14% in this period, despite property sales of 4.7 billion, driven by CPI, market rental growth and completed projects

# Financing position and activities in the quarter

## Financing mix



## EPRA LTV<sup>1</sup> and ICR<sup>2</sup>



1 LTV according to Moody's definition: 54.0 %  
2 ICR calculated on last 4 quarters

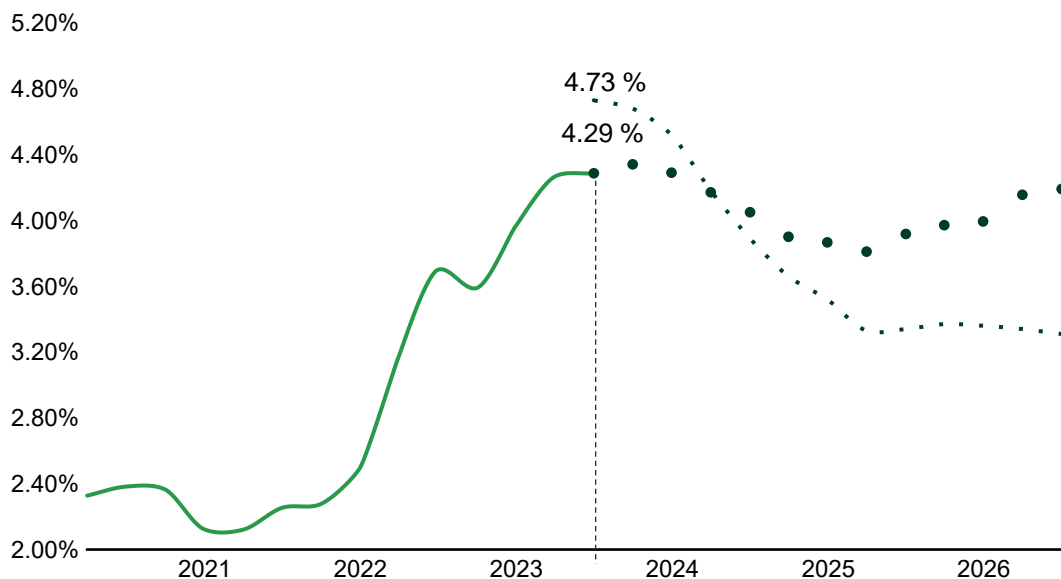
## Q4 status

- Extended 248 million bank facility
- Total unutilised credit facilities and cash of 6.6 billion as of 31.12
- Net nominal interest-bearing debt of 39.3 billion, reduced by 1.3 billion during 2023
- Key debt metrics to improve following the closing of ~1 billion transactions in Q1 and the ~6.5 billion Trondheim transaction in Q2
  - LTV improvement of ~ 5 percentage points
  - ICR improvements of 20-30 basis points



# Projected interest rate development

## Entra's nominal all-in interest rate, including credit margins



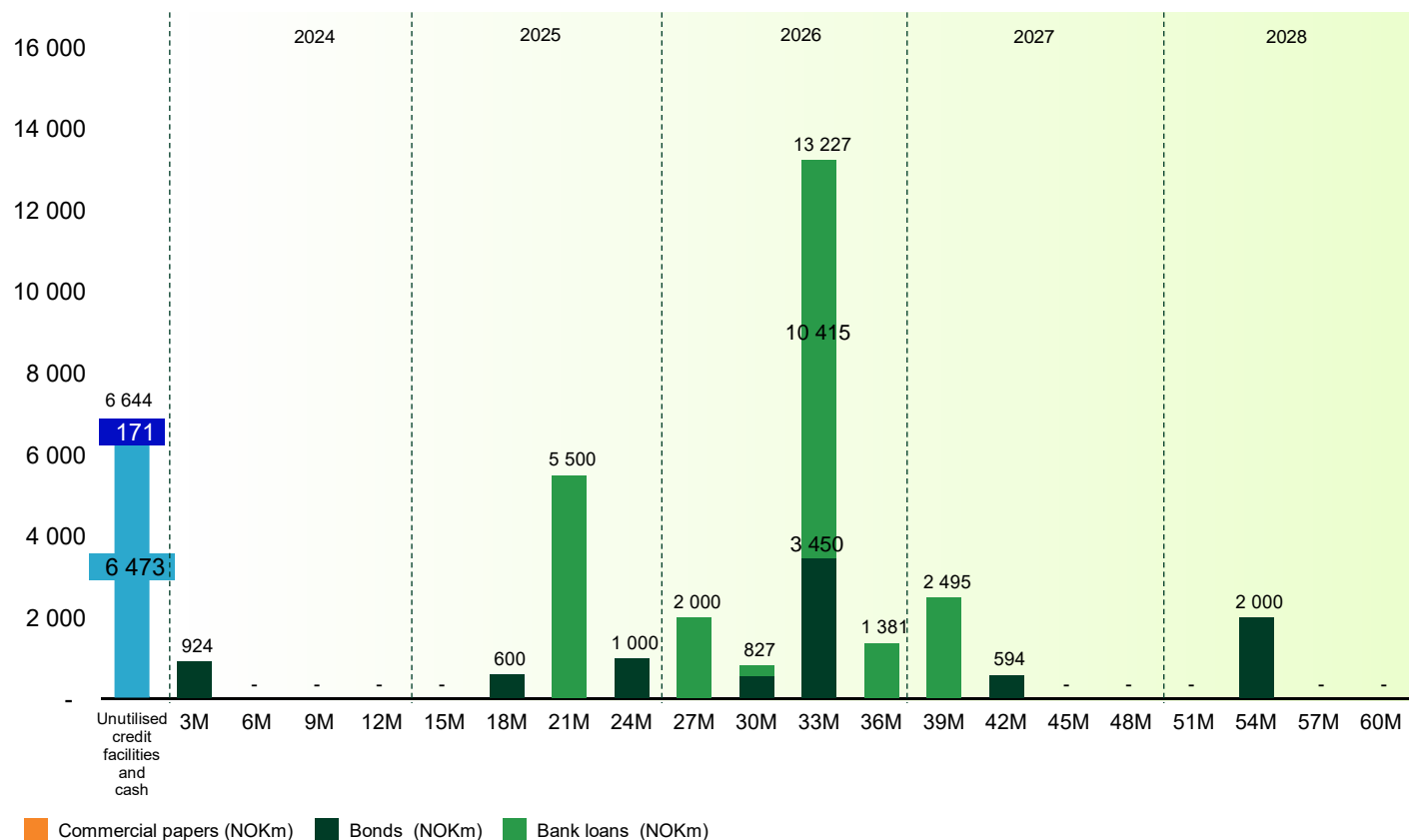
- Kvartal — Average nominal interest rate end of quarter
- Forutsetning: Siste rentefastsettelse benyttes ut i tid
- Estimated interest rate using swap forward curve, also including forward starting swaps
- • 3M/1M NIBOR Forward curve

Updated February 7, 2024. Effects of transactions not included

- 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
- 58 % of debt portfolio hedged at fixed rate
- Time to maturity of hedge portfolio of 4.2 years (incl. fwd. start swaps) of 22.9 billion
- Time to maturity of 2.6 years of fixed credit margins
- Expecting around 8 billion in proceeds from ongoing transactions in 2024
  - Proceeds will be used to repay (the most expensive) debt; average cost of debt will decrease by 30-40 bps
  - Deleveraging will have a positive effect also on the hedge position

# Large liquidity buffer and manageable bond maturities next 4+ years

NOK million



- 6.6 billion in available liquidity as of 31.12
  - 6.5 billion of unutilised credit facilities
  - 0.2 billion in cash
- 3.8 years average time to maturity of debt
- Proven track record in attracting new (5 billion) and extending (13 billion) bank debt in last 1.5 years
- Liquidity as of 31.12 to finance 4+ years of bond expiries
  - Significantly longer when adding proceeds from transactions
- Expecting ~8 billion in proceeds from signed and ongoing transactions during 2024; possibly more if further divestment processes are successful
- Transparent balance sheet with no exotic debt instruments

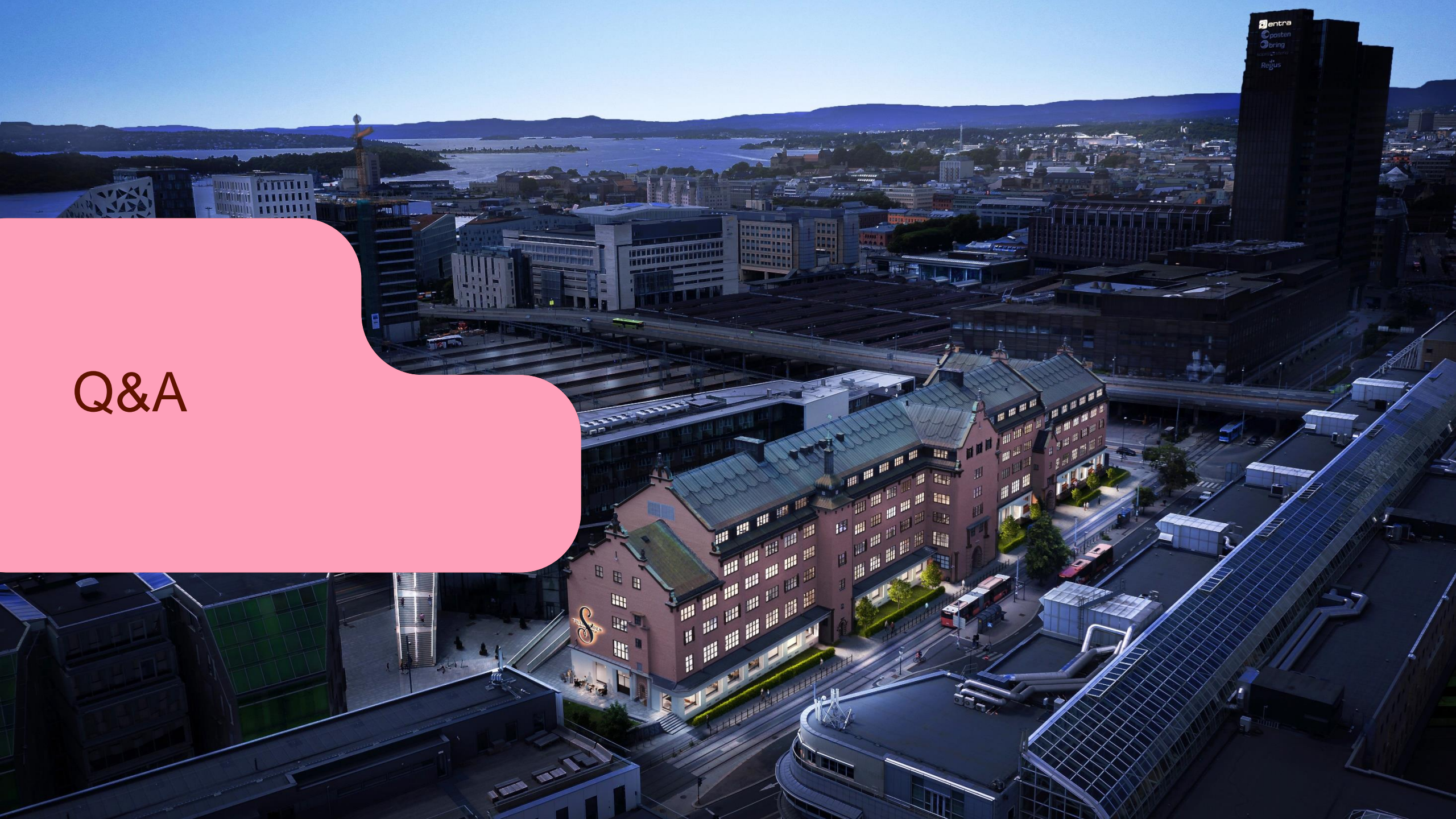
# Closing remarks

# Closing remarks and outlook

- More comfort on outlook for inflation and interest rates
  - Financing markets opening up
  - Positive signs in the transaction market
  - Significant buyer interest for Entra's assets
- Favorable letting market dynamics
  - Activity in the letting market holding up well
  - Solid demand for centrally located high-quality offices
  - Low vacancies and limited newbuild activity
- Solid balance sheet with ample available liquidity
  - Transactions for total of 7.5 billion expected to close during H1 24
  - Improving debt metrics following signed divestments and sale of Trondheim portfolio announced in Q1 24





An aerial photograph of Oslo, Norway, taken at dusk. The city's skyline is visible, featuring a mix of modern and traditional architecture. A prominent pink, cloud-like shape is overlaid on the left side of the image, containing the text 'Q&A'. In the background, the city extends to the water's edge, with mountains visible in the distance. The lighting is a soft twilight blue, and some buildings have their lights on, indicating the transition from day to night.

Q&A





**Next event**

# 1st quarter results 23 April 2024

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