

# 1st quarter 2017

Oslo, 27 April 2017



# 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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Summary and closing remarks

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Q&A

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# Highlights in the quarter



## Key figures:

(NOK million)	Q1 17	Q1 16
Rental income	525	454
Net income from property management	311	278
Net value changes	870	20
Profit before tax	1,302	284

## Key events:

- Portfolio occupancy up to 97.5 %
- Net letting of -34 million in the quarter
- Started one new refurbishment project
- AGM today; share trading ex dividend 1.75 tomorrow (28 April)

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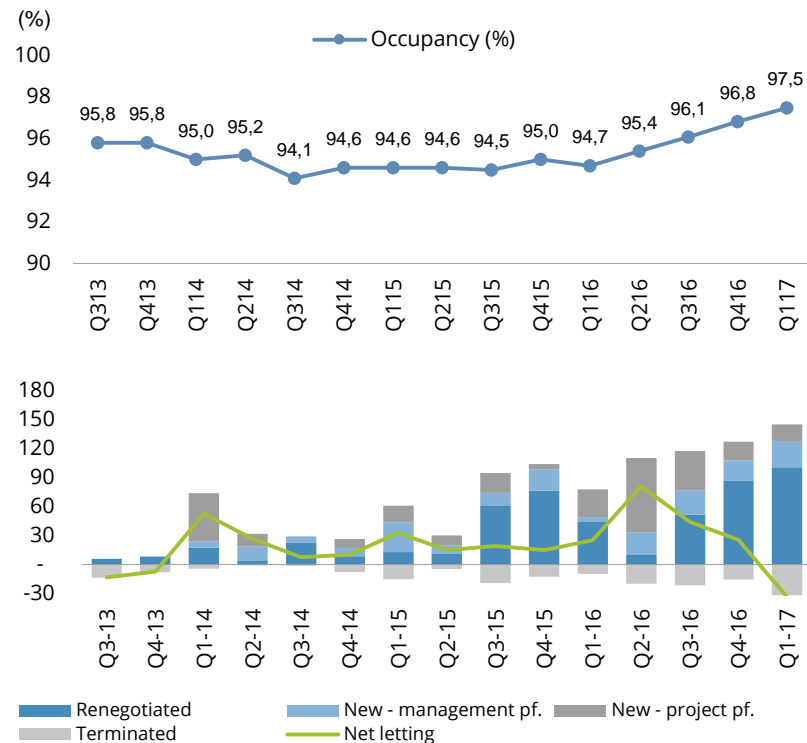
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# Letting and occupancy

- New and renewed leases of 145 mill (60,000 sqm)
- Terminated contracts of 76 mill (24,000 sqm)
- Net letting of -34 mill
- Occupancy at 97.5 %, WAULT at 6.8 yrs

## Largest new and renegotiated contracts:

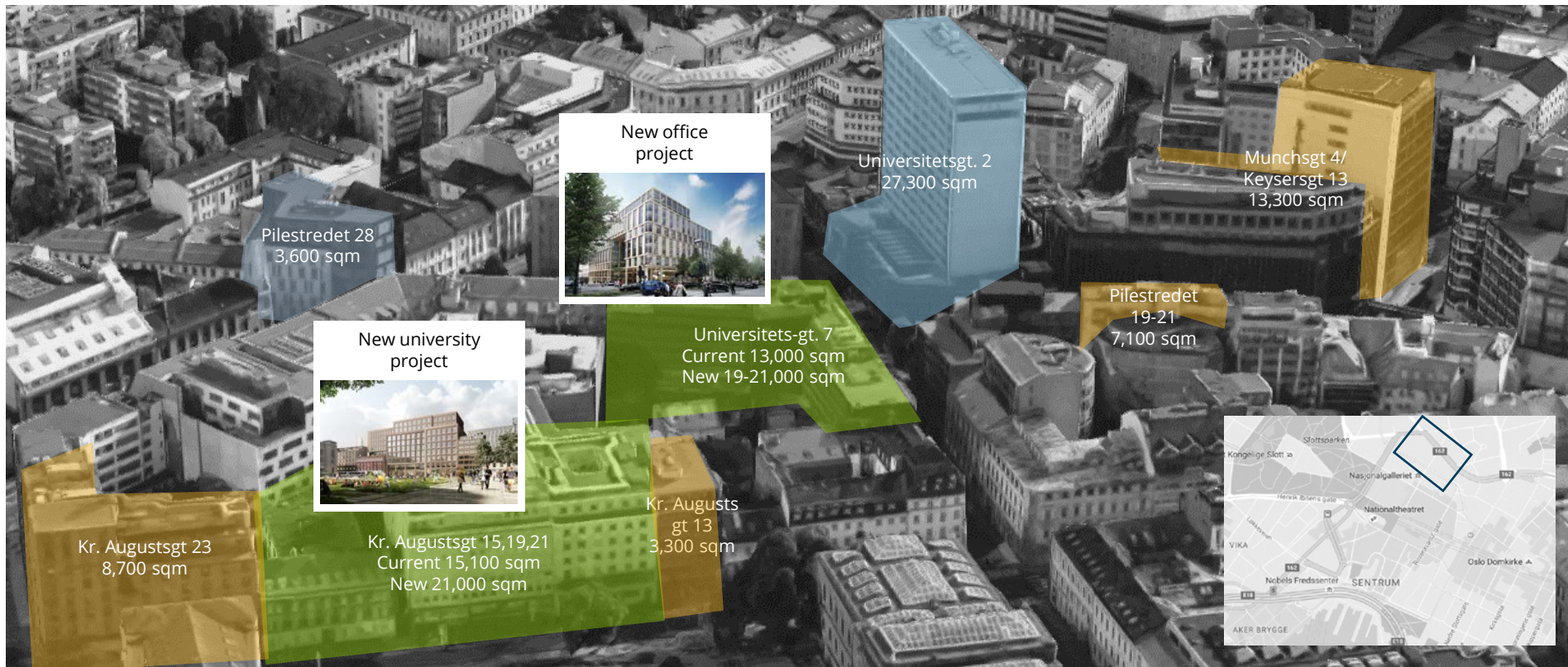
Property	Tenant	Sqm	Contract
Sundtkvartalet, Oslo	IBM	7,300	New
Trondheimsporten, Trondheim	Trondheim Municipality	3,300	New
Powerhouse Kjørbo, Block 1,	Norconsult	3,300	New
Biskop Gunnerus' gt 14, Oslo	Bane NOR	10,000	Renegotiation
Kjørbo, Block 9 and 10	Norconsult	7,700	Renegotiation



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



# Directorate of Health moving from Universitetsgt 2 and Pilestredet 28




# New Powerhouse at Kjørbo in Sandvika

- Renovation of office building into a new Powerhouse
- Kjørbo, Block 1 - 3,200 sqm
- Total project cost (incl. land): 93 million
- 100 % pre let to Norconsult
- Estimated yield-on-cost: 6.4 %
- Completion in November 2017



Kjørbo office park, Sandvika

# Project Portfolio per 31.03.17

	Ownership (%)	Location	Expected completion	Project area (sqm)	Occupancy (%)	Estimated total project cost* (NOKm)	Of which accrued* (NOKm)	Yield on cost**
<b>Group:</b>								
Powerhouse Kjørbo, block 3	100	Sandvika	Jul-17	4 200	54	144	137	5.6
Powerhouse Kjørbo, block 1	100	Sandvika	Nov-17	3 200	100	93	48	6.4
Trondheimsporten	100	Trondheim	Nov-17	28 600	88	680	533	6.4
Brattørkaia 16	100	Trondheim	Jun-18	10 500	100	291	129	6.6
Brattørkaia 17 A	100	Trondheim	Mar-19	18 200	48	497	98	6.2
Tullinkvartalet (UIO)	100	Oslo	Dec-19	21 000	92	1 489	552	5.5
<b>Total Group</b>				<b>85 700</b>		<b>3 194</b>	<b>1 497</b>	
<b>Jointly controlled companies:</b>								
MediaCity Bergen	50	Bergen	Aug-17	45 000	84 	1 830	1 666	6.1
<b>Total Jointly controlled companies</b>				<b>45 000</b>		<b>1 830</b>	<b>1 666</b>	

\* Total project cost (Including book value at date of investment decision/cost of land)

\*\* Estimated net rent (fully let) at completion/total project cost (including cost of land)



# Market development

## Rent and vacancy

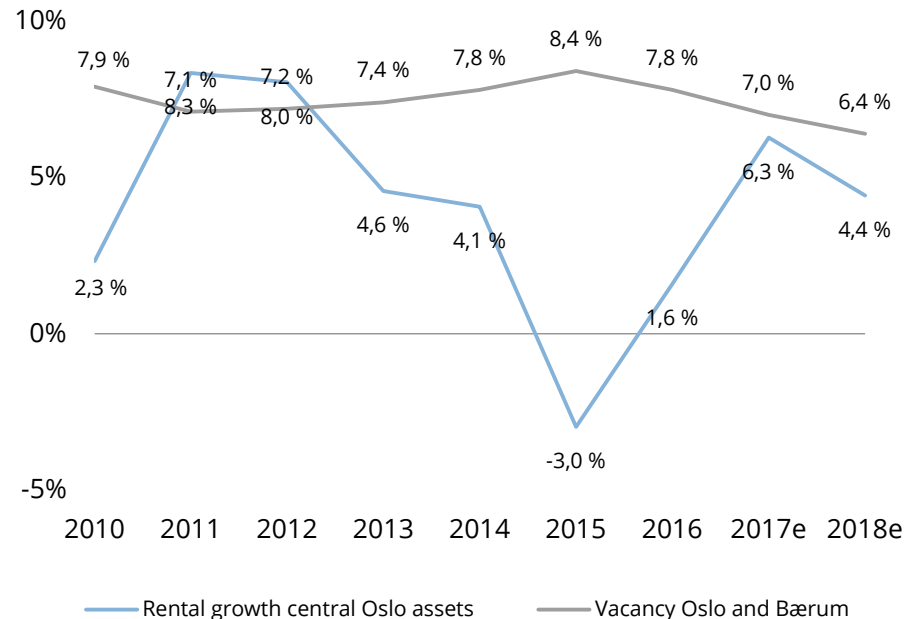
### Positive outlook for Oslo

- Net negative supply
- Declining vacancy levels
- High volume of contract expiries over the coming years
- Significant rental growth expected

### Regional cities:

- Stavanger is still challenging
- Bergen is attractive but with large local differences
- Trondheim is stable but with risk for excess-supply

### Rental growth and vacancy Oslo\*



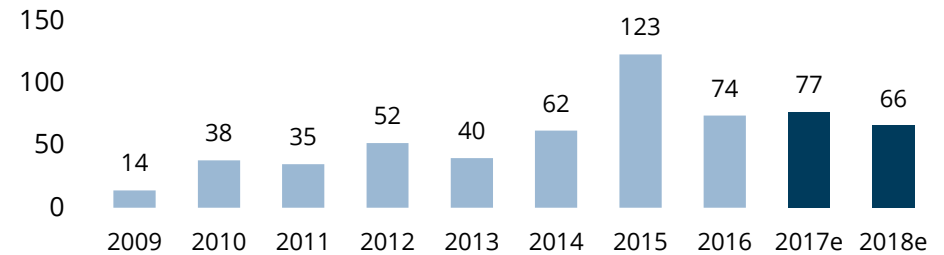
Source: Entra consensus report, average of estimates from leading market specialists in Norwegian market.

# Market development

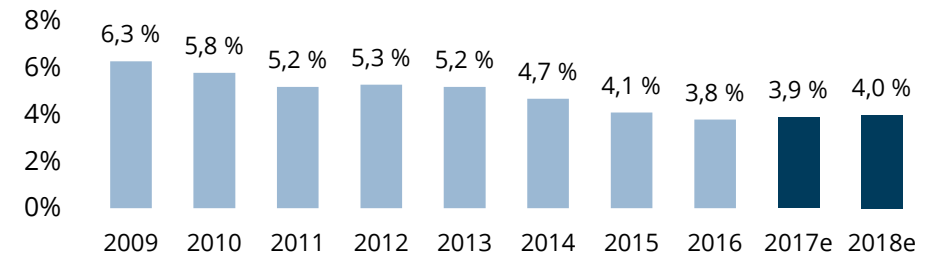
## Transactions and yields

- Demand continue to be strong and debt markets are well functioning
- High activity in the transaction market expected also in 2017
- Strong rental growth expectations more than balance increase in long term interest rates

Total transaction volume (NOKbn)\*



Prime yield Oslo\*



\* Source: Entra consensus report, estimates from leading market specialists in Norwegian market

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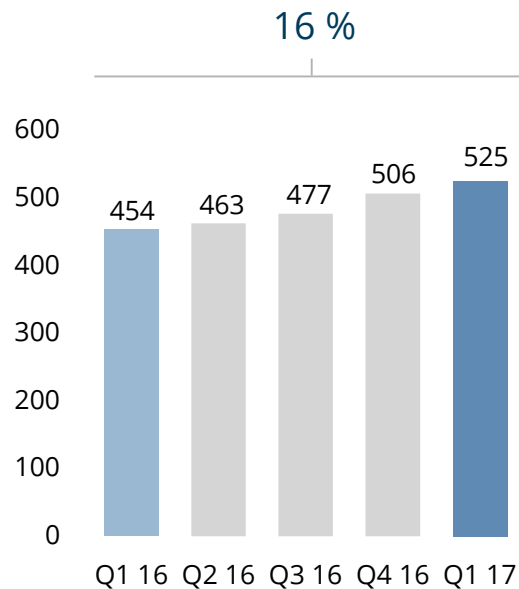
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Q&A

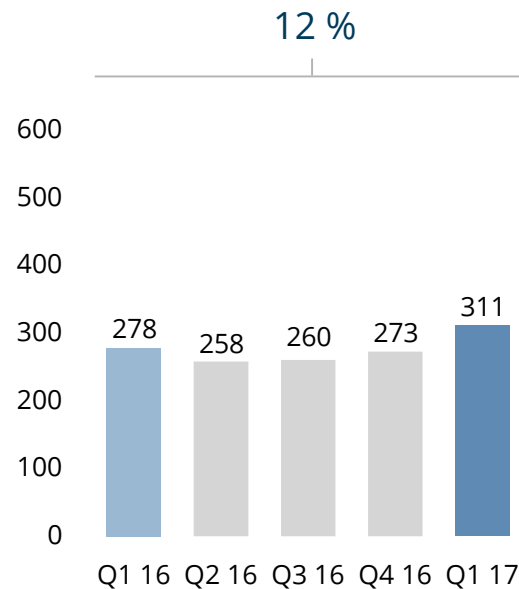
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# Key financials

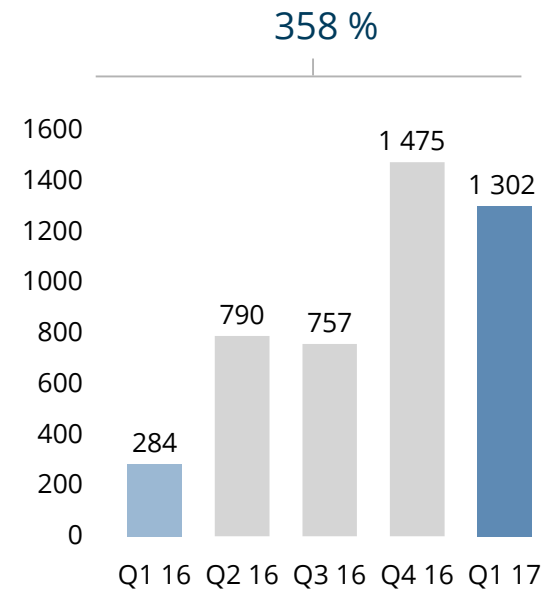
Rental income  
(NOKm)



Net income from property  
management (NOKm)



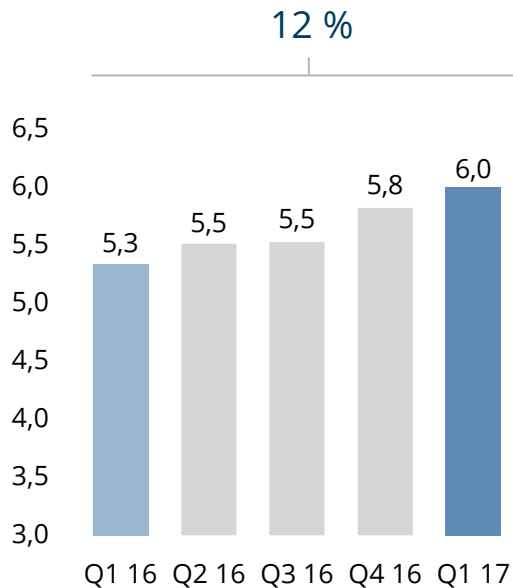
Profit before tax  
(NOKm)



# Key financials - per share

## Cash Earnings

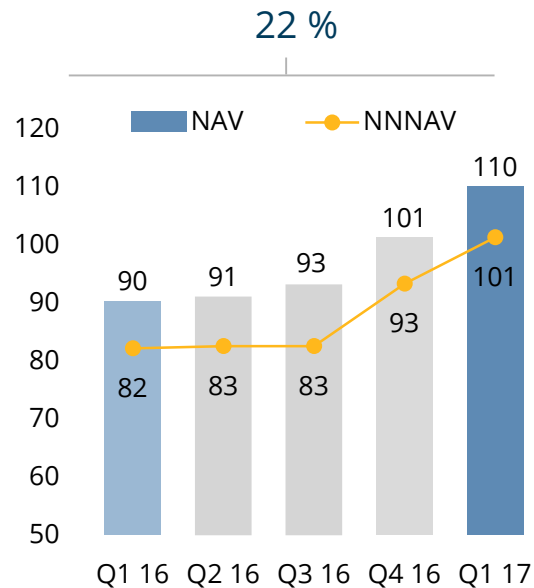
(NOK per share)



\* Annualised, rolling four quarters.

## EPRA NAV/NNNAV

(NOK per share)

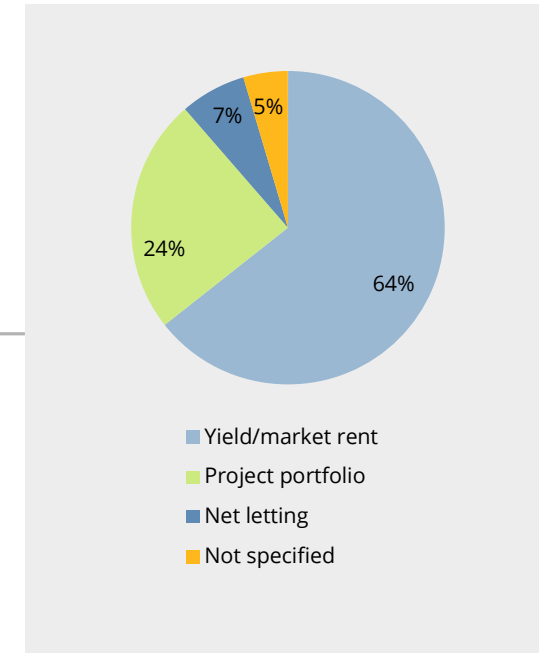
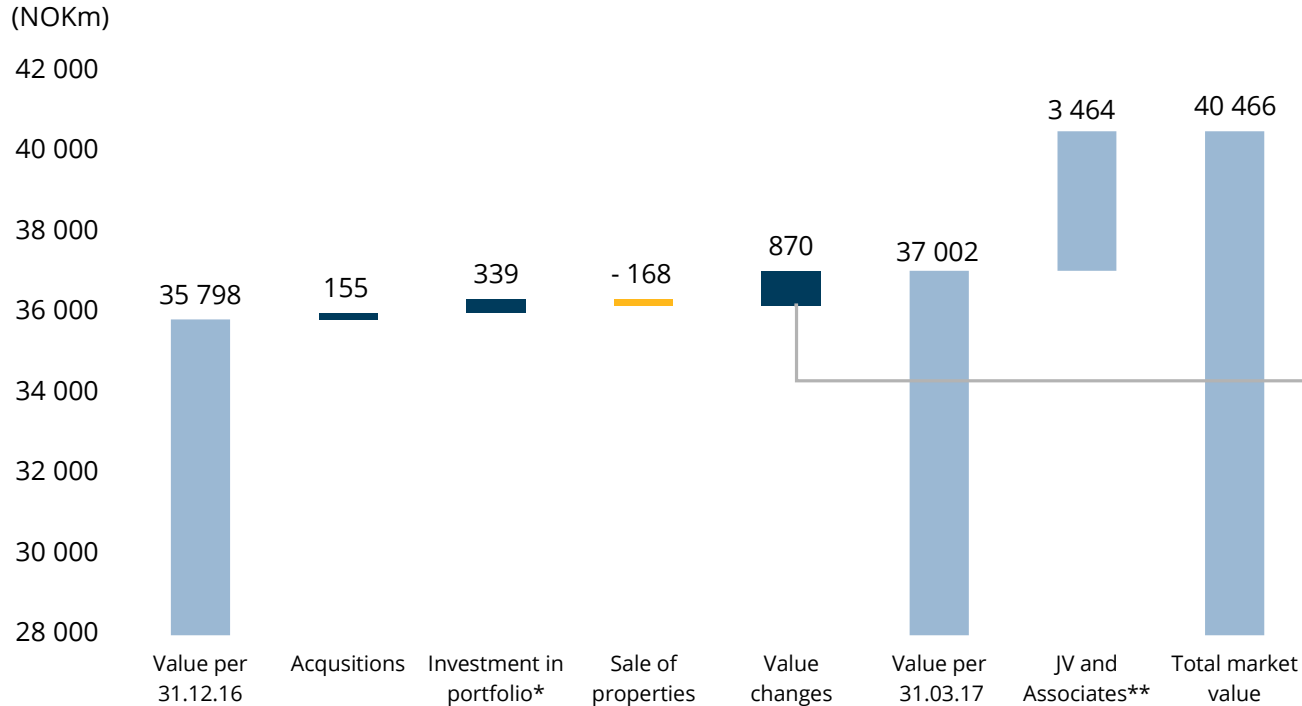




# Results

All figures in NOK millions	Q1-17	Q1-16	2016
Rental income	525	454	1 899
Repairs & maintenance	-6	-2	-50
Operating costs	-30	-22	-109
<b>Net operating income</b>	<b>489</b>	<b>429</b>	<b>1 740</b>
Other revenue	61	58	950
Other costs	-59	-54	-927
Administrative costs	-43	-44	-152
Share of profit from associates and JVs	124	8	150
Net realised financials	-141	-133	-572
<b>Net income</b>	<b>432</b>	<b>265</b>	<b>1 190</b>
<b>- of which net income from property management</b>	<b>311</b>	<b>278</b>	<b>1 070</b>
Changes in value of investment properties	870	182	1 991
Changes in value of financial instruments	0	-162	125
<b>Profit before tax</b>	<b>1 302</b>	<b>284</b>	<b>3 306</b>
Tax payable	0	0	-4
Change in deferred tax	-258	-63	-580
<b>Profit for period/year</b>	<b>1 044</b>	<b>221</b>	<b>2 722</b>

# Investment property value development



\* In addition Entra has invested 107 NOKm through its non-consolidated J/Vs, Sundtkvartalet and Entra OPF (214 NOKm on a 100 % basis)

\*\* Entra´s share of gross market value of JVs and Associates (book value equity = 1 764 million)

# Balance sheet

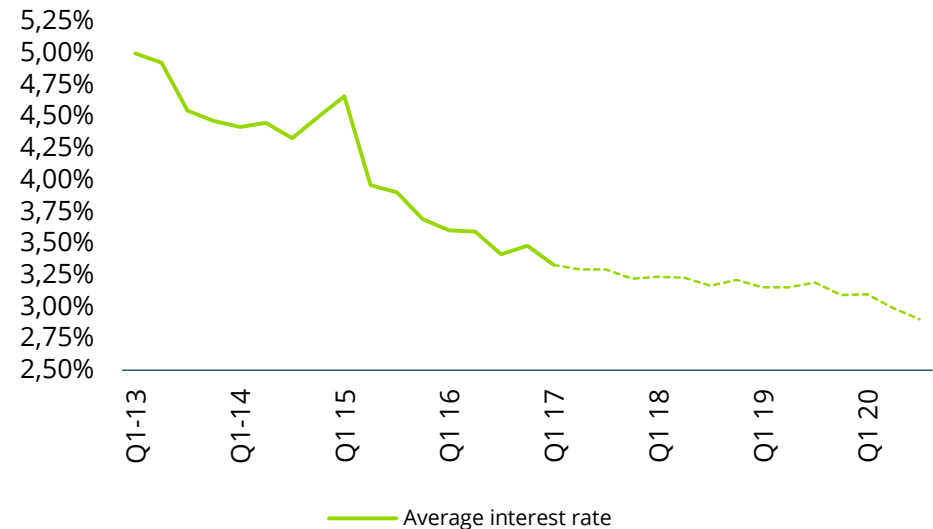
All figures in NOK millions	31.03.2017	31.12.2016
Book value of property portfolio	37 002	35 798
Investments in associates and JVs	1 764	1 561
Financial derivatives	457	472
Other assets	892	816
Cash and bank deposits	381	243
<b>Total assets</b>	<b>40 495</b>	<b>38 890</b>
<b>Total equity</b>	<b>16 163</b>	<b>15 124</b>
Interest-bearing debt	18 443	18 113
Deferred tax liability	4 113	3 855
Financial derivatives	850	894
Other liabilities	926	905
<b>Total equity and liabilities</b>	<b>40 495</b>	<b>38 890</b>

# Financing activity in Q1 17

Financing activity in the quarter	Amount
Green Bond issue	750 mill
Re-opened two bond issues	400 mill
Increased commercial paper debt (net)	500 mill
Reduced bank debt	1,335 mill
<b>Change in interest bearing debt:</b>	<b>315 mill</b>

- Terminated two old swaps;
  - Notional amount 150 mill
  - Termination fee 12 million
- Average interest rate at 3.33 % at 31.03.17

## Development in average interest rate 2013 – 2020e



- Development in average interest rate 2013-2020(e) as reported per 31.03.17
- Changes in average interest rate is caused by expiration of interest rate swaps and start of forward swaps already entered into.
- Assumptions (2017-2020):
  - Stable debt level
  - All debt re-financed at existing terms
  - NIBOR forward curve

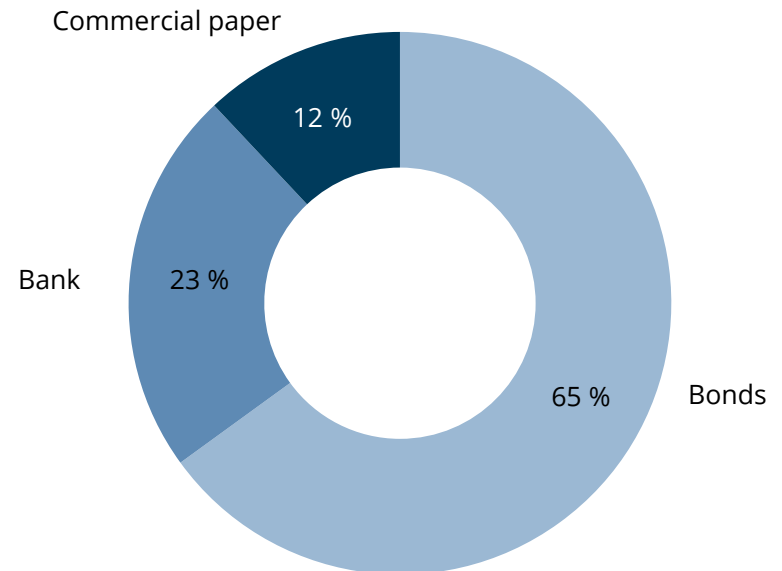
# Financial update

## Key debt metrics as of 31.03.17

Net nominal interest bearing debt	17 631 mill
Unutilised credit facilities	5 060 mill
Loan-to-value	46.4 %
Weighted average maturity	4.4 yrs
Interest cover ratio	2.9
Average interest rate	3.33 %
Share at fixed rate	51 %
Average maturity of interest rate hedges	3.9 yrs

## Composition of nominal interest bearing debt

100% = 18 012 mill.





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# Closing remarks

- Significant rental growth expected in Oslo
  - Expected to more than balance out increased interest rate effects
- Significant volumes to be renegotiated over the coming three years
- Transaction market continue to be strong and competitive
- Main focus on project portfolio for capital value growth



Universitetsgata 2, Oslo



Schweigaardsgate 15, Oslo

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An architectural rendering of a modern, multi-story brick building with a grid-like facade of windows. The building is situated in an urban environment with other buildings in the background. In the foreground, there is a courtyard with a paved walkway, a grassy area, and several people engaged in various activities like walking, sitting on a bench, and playing with a ball. Bicycles are parked along the walkway. The sky is overcast.

Next event  
2<sup>nd</sup> quarter results  
June 12, 2017

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