

# Q2 2019

Oslo, 11 July 2019



# 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



*Tordenskiolds gate 12, Oslo*

## Key figures:

(NOK million)	Q2 19	Q2 18
Rental income	580	558
Net income from property management	352	364
Net value changes	453	459
Profit before tax	937	843

## Key events:

- Sonja Horn appointed new CEO
- Net letting of 30 million
- Start up of new redevelopment project in Tullinkvartalet in Oslo
- Semi-annual dividend of NOK 2.30 per share for H1-19

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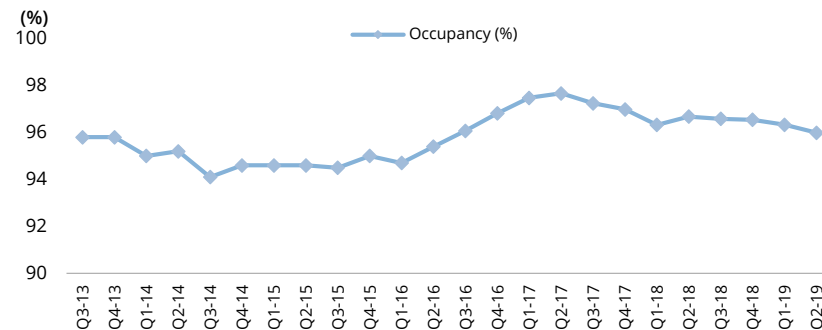
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Q&A

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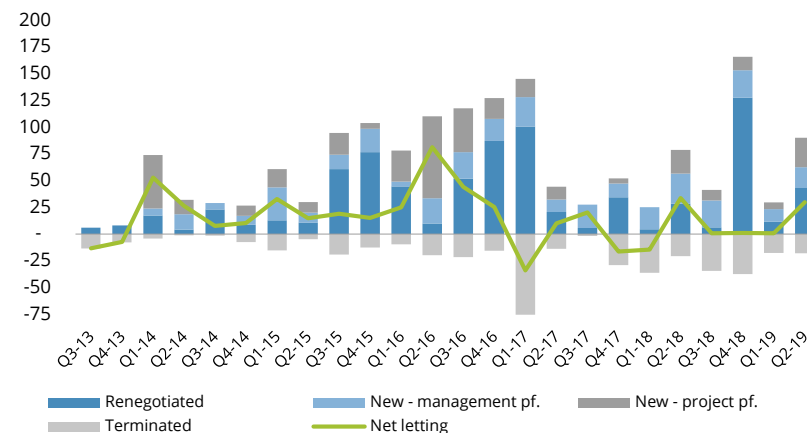
# Letting and occupancy

- New and renewed leases of 90 million (36,000 sqm)
- Terminated contracts of 18 million (6,000 sqm)
- Net letting of 30 million
- Occupancy at 96 %
- WAULT at 6.4 yrs / 7.0 yrs



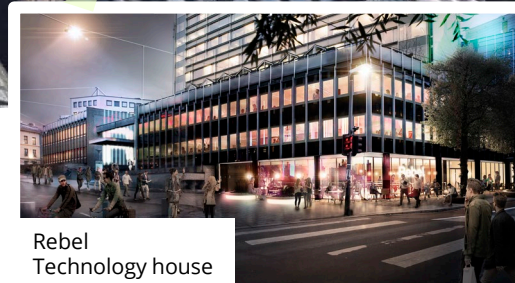
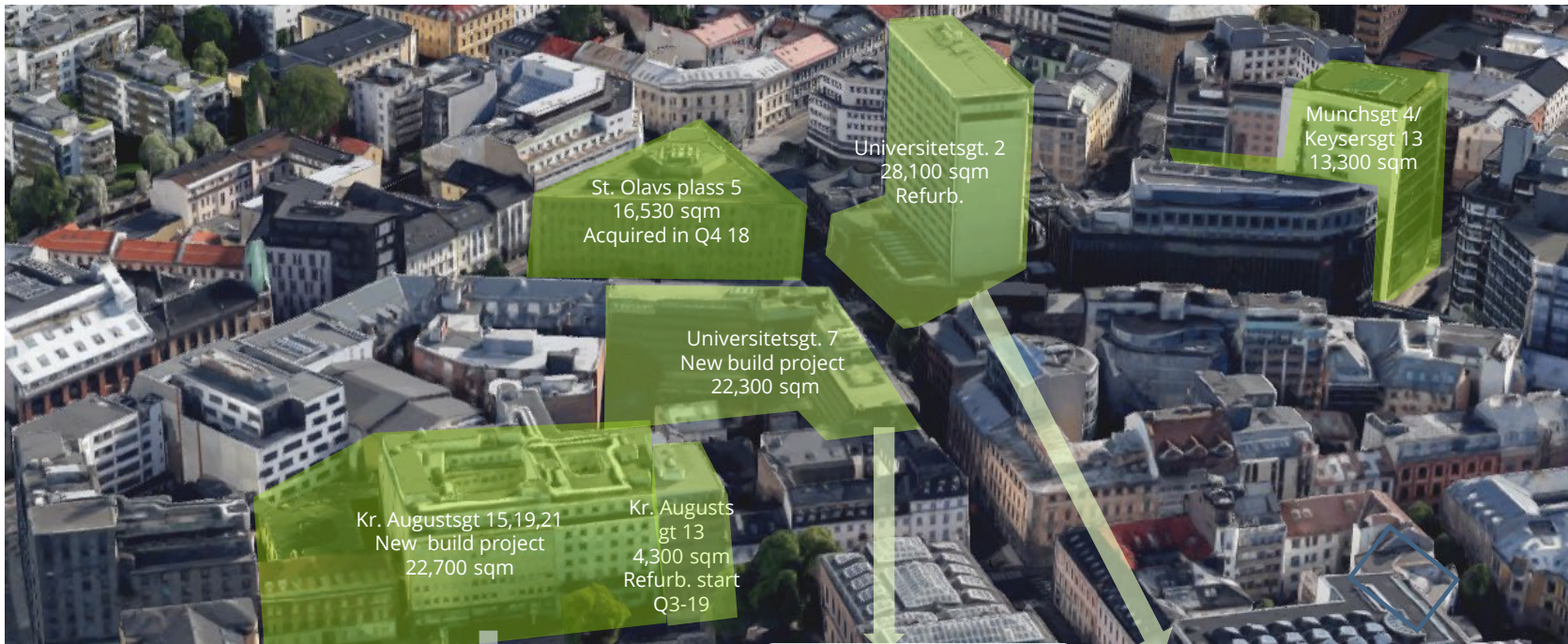
## Largest new and renegotiated contracts:

Property	Tenant	Sqm	Contract
Universitetsgata 7-9, Oslo	Bull & Co	2,700	New
Tullinkvartalet, Oslo	Randstad Norway	1,650	New
Fredrik Selmers vei 4, Oslo	The Norwegian Tax Administration	3,300	New/Renegotiated
Stenersgata 1, Oslo	Q-Park	1,650	Renegotiated
Jåttåvageveien 7, Stavanger	Capricorn Norway	1,650	Renegotiated



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

# Update on Tullin quarter portfolio/development projects



# New re-development project: Universitetsgata 2 - Rebel



Vision:  
«Rebel - Norway's most important arena for sharing and developing technology competence»

**28 100 sqm**



**17 floors**



**Location**

Tullinkvartalet in Oslo



**Finalised**

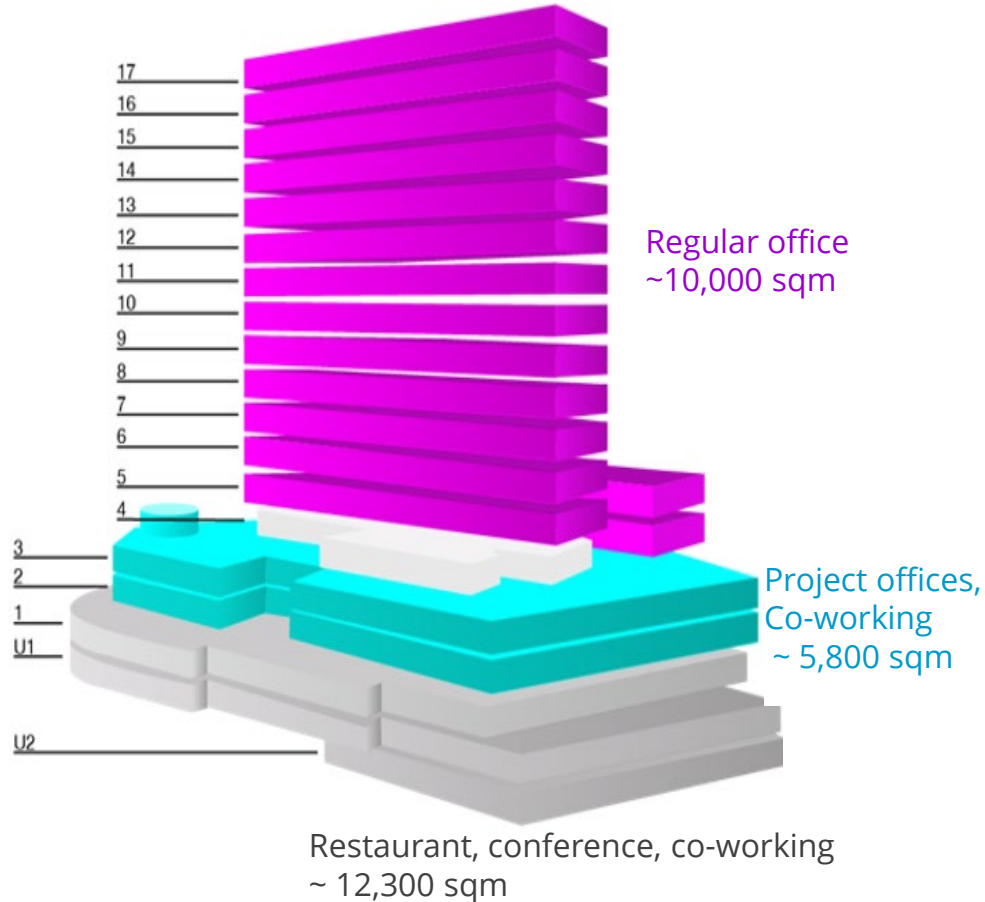
Q3 2021



**Work spaces**

More than 1,000

# New redevelopment project: Universitetsgata 2 – Rebel



- New business concept:
  - Full-service solutions
  - Flexible and short-term leases
  - Standardized office floors
  - Co-working, conferences and events
  - New digital solutions
  - Managed 50/50 by Entra and external partner
- 13 % pre-let
- Estimated total project cost 1.65 bn
- Estimated yield on cost: 5.6 %



# Portfolio of ongoing projects

	Ownership (%)	Location	Expected completion	Project area (sqm)	Occupancy (%)	Estimated total project cost <sup>1)</sup> (NOKm)	Of which accrued <sup>1)</sup> (NOKm)	Yield on cost <sup>2)</sup> (%)
Tollbugata 1 A	100	Oslo	Oct-19	9,000	100	450 ↓	375	5.3 ↑
Tullinkvartalet (UIO)	100	Oslo	Oct-19	22,700	92 ↑	1,435 ↓	1,140	5.9 ↑
Holtermanns veg 1-13	100	Trondheim	Jan-20	11,700	60	340	216	6.0
Brattørkaia 12	100	Trondheim	Jan-20	1,900	100	86	62	5.4
Universitetsgata 7-9	100	Oslo	Sep-21	22,300	44 ↑	1,211 ↑	440	6.0
Universitetsgata 2 - Rebel	100	Oslo	Sep-21	28,100	13	1,650	747	5.6
<b>Total</b>				<b>95,700</b>		<b>5,172</b>	<b>2,979</b>	

<sup>1)</sup> Total project cost (Including book value at date of investment decision/cost of land)

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

# Sale of Kristian Augusts gate 23

- Property value: 450 million
- 26 % premium to book values
- Strategic rationale: Tenant call option
- Sold 9 July, closing: 1 October 2019



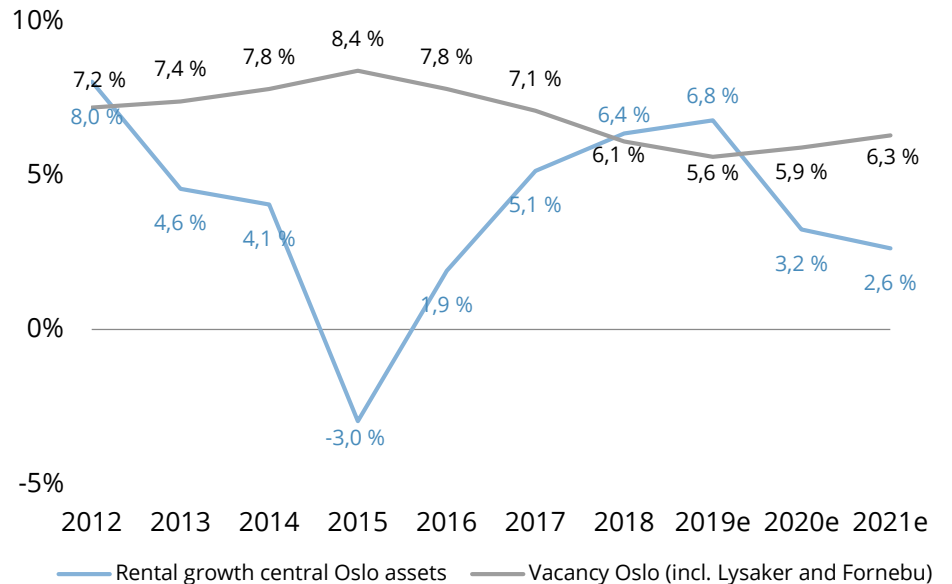
Kristian Augusts gate 23, Oslo

# Market development

## Rent and vacancy

- Strong economic development;
  - Solid GDP growth > 2 %
  - Employment growth and urbanisation
  - Low vacancy in Oslo city centre
  - Significant uplift in market rents
- Regional cities;
  - Favourable letting markets and rising rents in city centre locations

Market rental growth and vacancy in Oslo



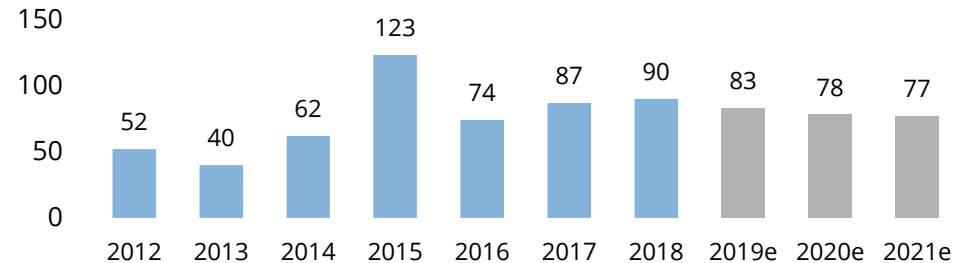
Source: Entra consensus report July 2019, average of estimates from leading market specialists in Norwegian market. Nominal rental value growth

# Market development

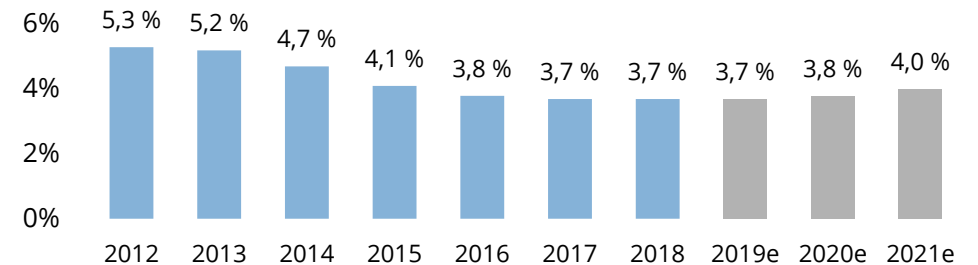
## Transactions and yields

- Active transaction market, strong interest for office continue
- Flat yields in Oslo
- Financing market competitive and open

Total transaction volume (NOKbn)\*



Prime yield Oslo\*



\* Source: Entra consensus report July 2019. Estimates from leading market specialists in Norwegian market

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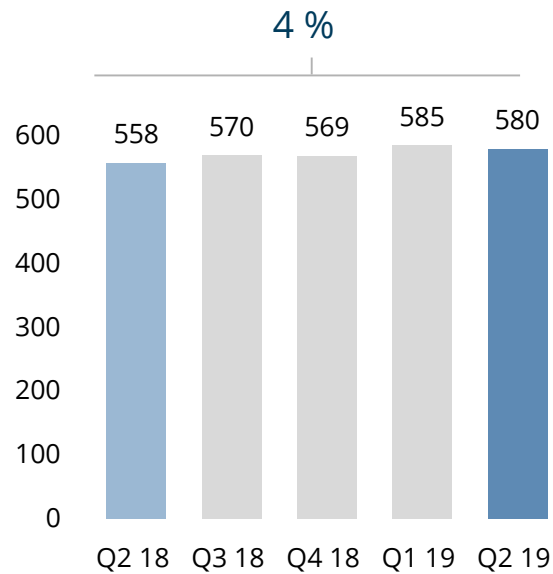
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Q&A

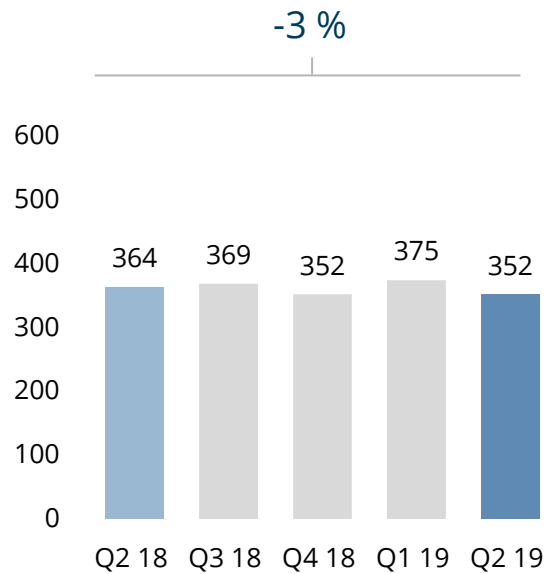
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# Key financials

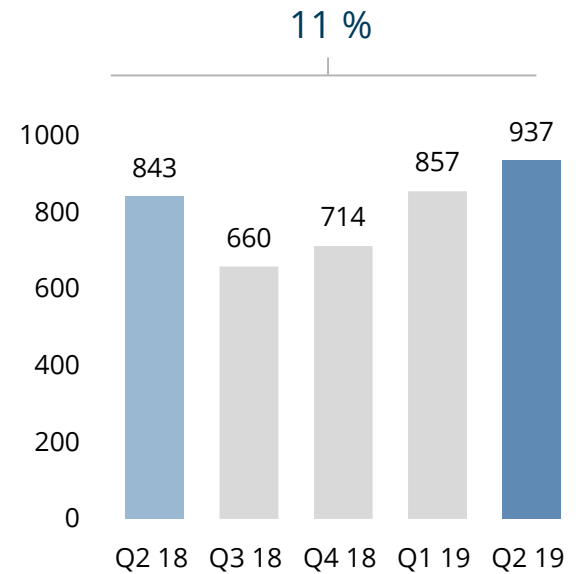
Rental income  
(NOKm)



Net income from property  
management (NOKm)



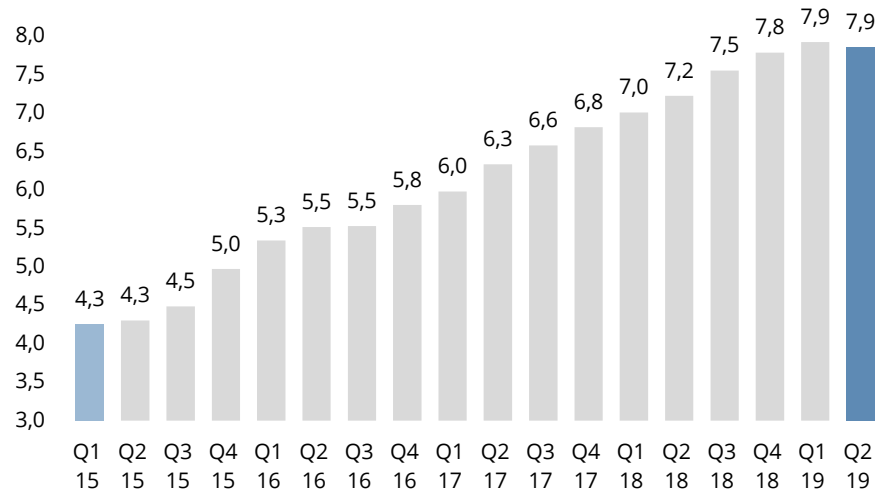
Profit before tax  
(NOKm)



# Key financials - per share

## Cash Earnings\* (NOK per share)

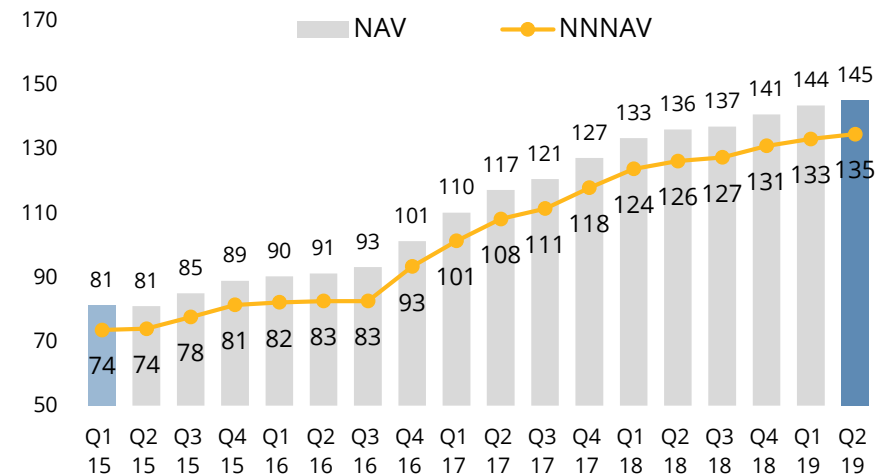
CAGR: 15 %



\* Annualised, rolling four quarters

## EPRA NAV/NNNAV (NOK per share)

CAGR: 14 %



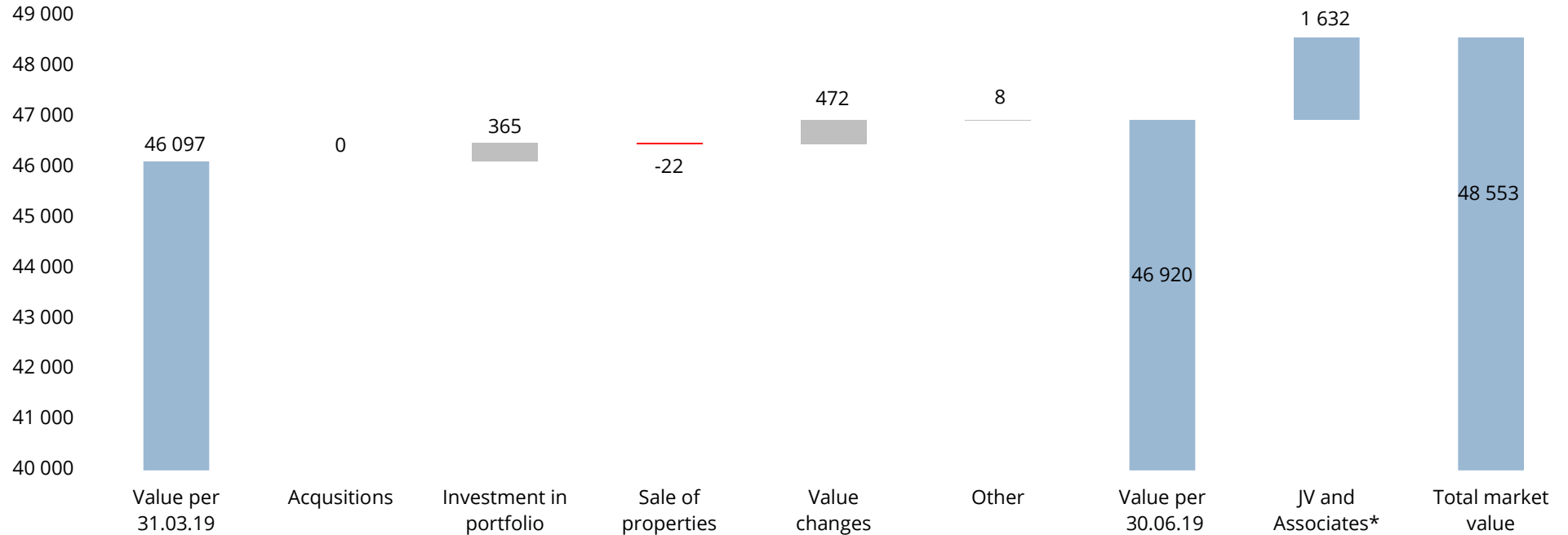
# Profit and loss statement

All figures in NOK millions	Q2		YTD		Full year
	2019	2018	2019	2018	2018
Rental income	580	558	1 165	1 103	2 243
Operating costs	-50	-42	-93	-86	-184
<b>Net operating income</b>	<b>530</b>	<b>516</b>	<b>1 072</b>	<b>1 018</b>	<b>2 058</b>
Other revenue	71	31	140	44	521
Other costs	-67	-28	-128	-39	-500
Administrative costs	-42	-36	-90	-80	-157
Share of profit from associates and JVs	132	21	155	36	156
Net realised financials	-139	-120	-271	-230	-491
<b>Net income</b>	<b>484</b>	<b>384</b>	<b>880</b>	<b>747</b>	<b>1 587</b>
<b>- of which net income from property management</b>	<b>352</b>	<b>364</b>	<b>727</b>	<b>713</b>	<b>1 434</b>
Changes in value of investment properties	472	489	956	846	1 387
Changes in value of financial instruments	-19	-30	-41	105	99
<b>Profit before tax</b>	<b>937</b>	<b>843</b>	<b>1 795</b>	<b>1 699</b>	<b>3 073</b>
Tax payable	-3	-2	-6	-5	-13
Change in deferred tax	-171	-147	-318	-266	-325
<b>Profit for period/year</b>	<b>763</b>	<b>694</b>	<b>1 471</b>	<b>1 428</b>	<b>2 735</b>



# Investment property value development

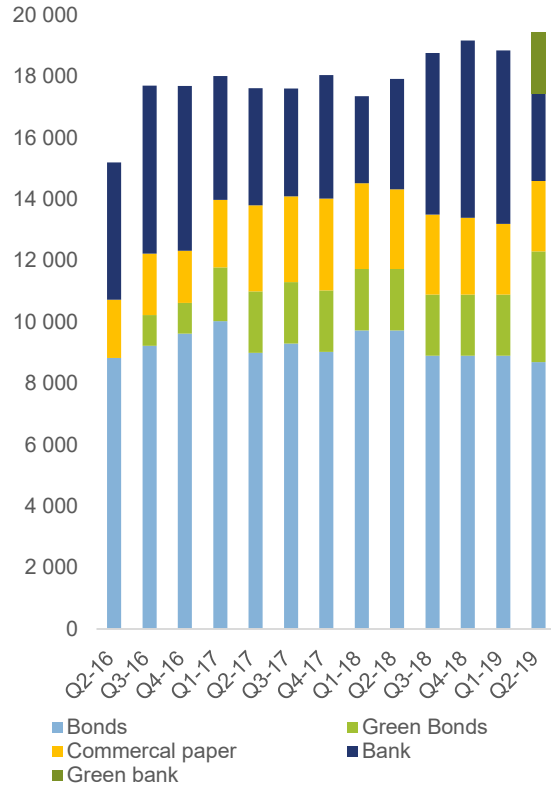
(NOKm)



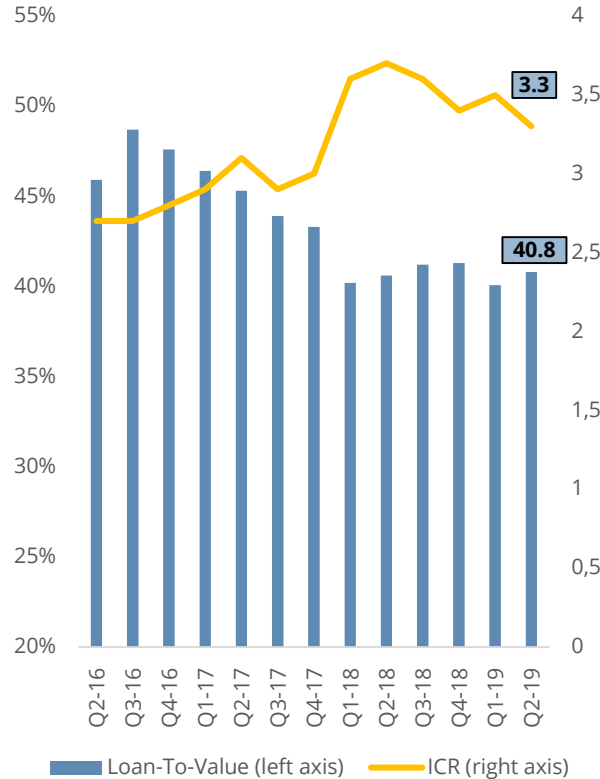
\* Entra's share of gross market value of JVs and Associates (book value equity = 382 million)

# Financial update

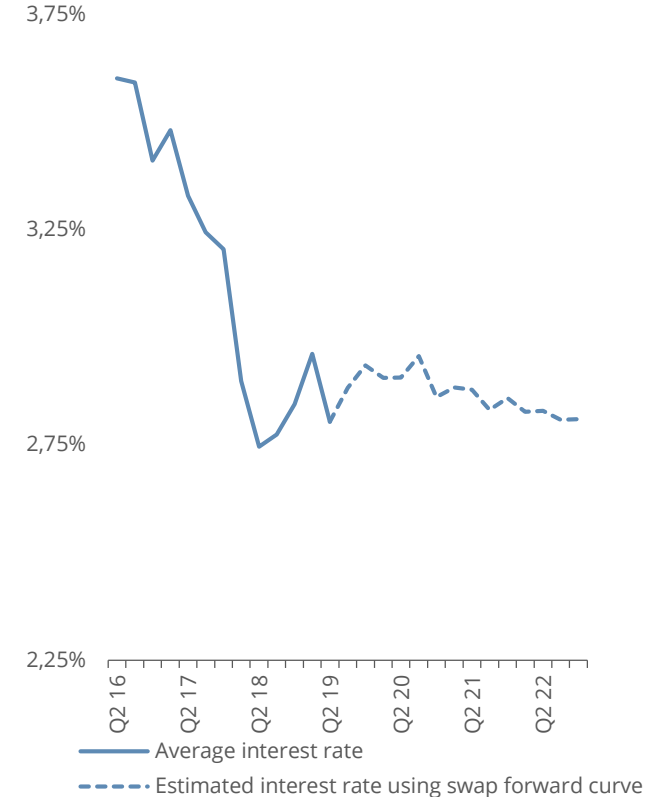
## Financing mix



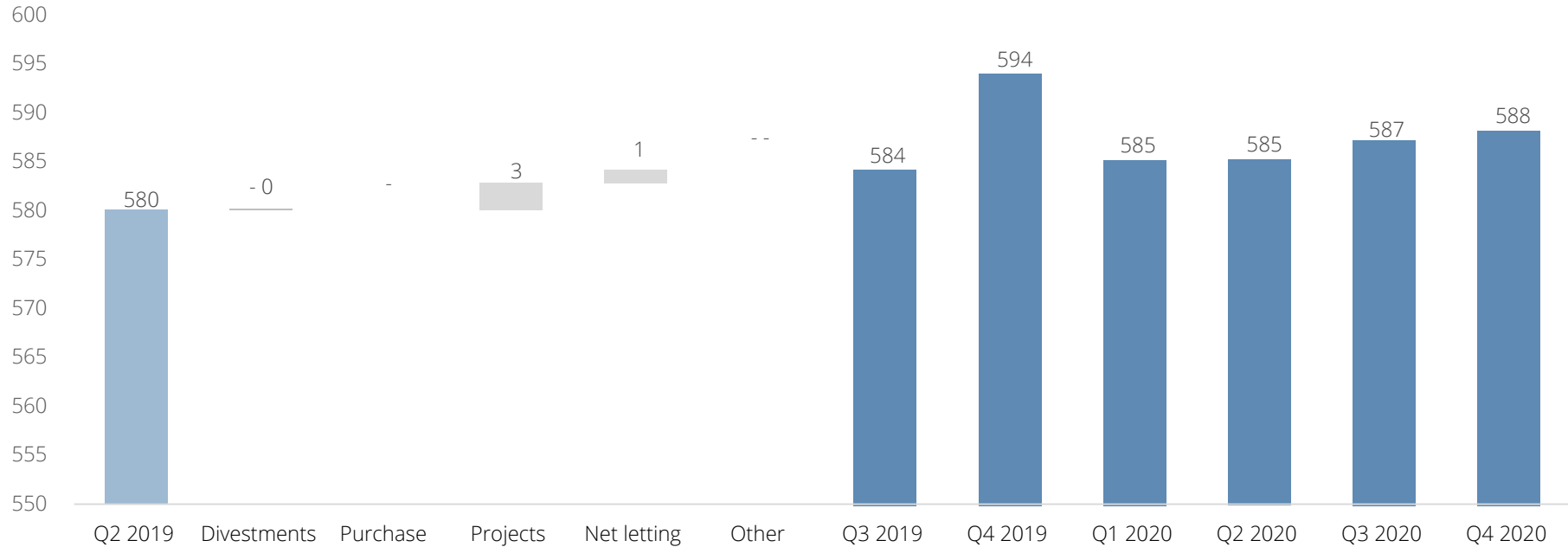
## LTV and ICR



## Development in avg. interest rate



# Rental income development 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, but where the outcome of the renegotiation process is not known

# Shareholder and share capital information

- Secondary placement of 20,278,113 shares completed on 5 June 2019
  - Norwegian Ministry of Trade Industry and Fisheries reduced their holding from 33.3 % to 22.4 %
  - 90 days lock up on remaining shareholding
- Changes in share capital resulting from completed share buy-back program
  - Share capital decrease by 1,600,406 shares on 3 June 2019
  - Number of shares issued: 182,132,055
- Semi-annual dividend of NOK 2.3 per share
  - Ex date: 2 October 2019
  - Payment date: 10 October 2019

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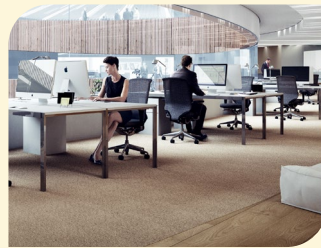
# Closing remarks; Strategic focus remains intact

Supportive macro, strong rental and transaction market  
Competitive financing conditions, stable yields



**Profitable growth**

- Portfolio growth through;
  - Progressing project pipeline, ~ 85.000 sqm to be started 2019/2020
  - ~500.000 sqm shadow pipeline
  - Selective acquisitions
- Capturing market rental growth
- Continued cost focus
- Strong balance sheet



**High customer satisfaction**

- Continue to deliver strong net letting and high occupancy
- Product offering; Modern, centrally located office properties close to transportation hubs
- Develop new products and services providing incremental value to our customers and their employees



**Environmental leadership**

- Focus on energy and CO2 reduction, waste management, re-use of materials and innovation
- ~ 20 % of portfolio now BREEAM NOR/ BREEAM-In-Use certified
- GRESB and EPRA Sustainability reporting

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Next event  
3<sup>rd</sup> quarter results  
October 17, 2019

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