

# Q3 2021

Oslo, 19 October 2021



# 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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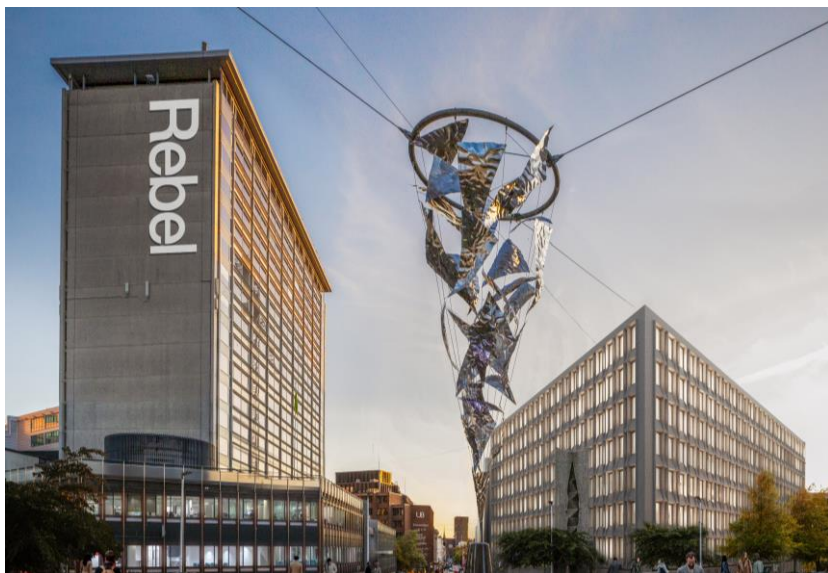
Closing remarks

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Q&A

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# Highlights in the quarter



Universitetsgata 2 and St. Olavs plass 5

## Key figures:

(NOK million)	Q3-21	Q3-20
Rental income	639	589
Net income from property management	402	543
Net value changes	794	918
Profit before tax	1 192	1 354

## Key events in the quarter:

- Finalised two large development projects, closed acquisition of Hotel Savoy
- Net letting of - 44 million
- ESG ratings: GRESB score of 92 (5 stars), EPRA Sustainability Gold Level

## Subsequent event:

- Fastighets AB Balder crossed 1/3 threshold, to submit mandatory offer for all outstanding shares

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Q&A

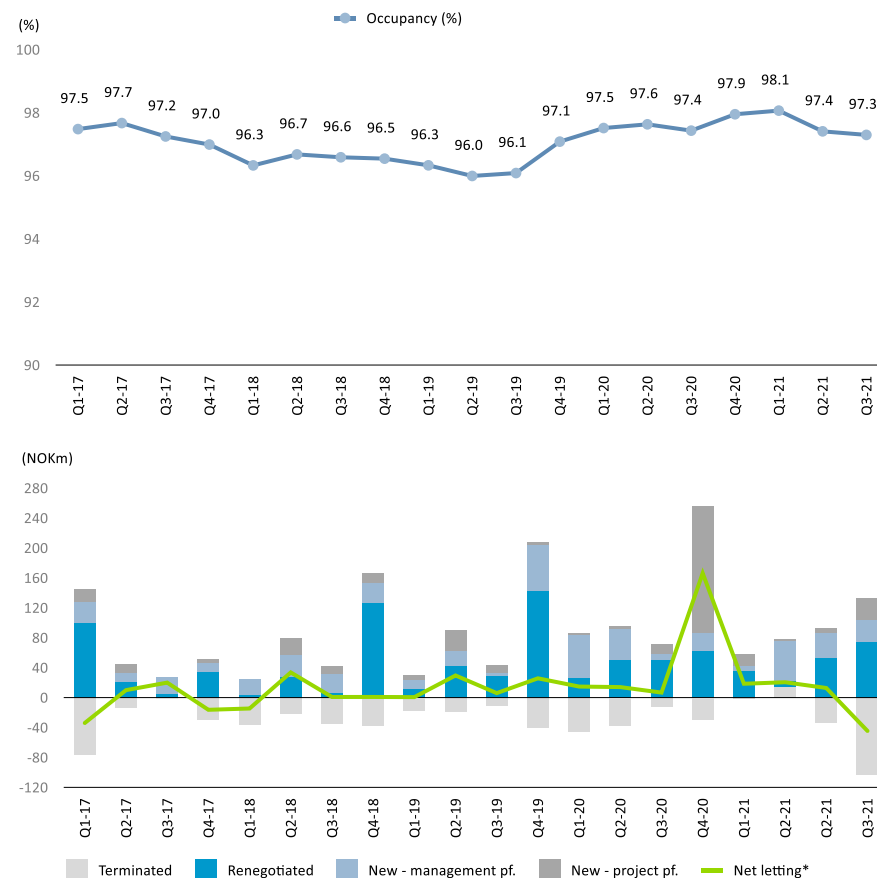
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# Letting and occupancy

- New and renewed leases of 133 million (51,100 sqm)
- Terminated contracts of 102 million\*
- Net letting of - 44 million
- Occupancy at 97.3 %
- WAULT at 6.9 years (7.1 years incl. project portfolio)

## Largest new and renegotiated contracts

Property	Tenant	Sqm	Contract
Vahls gate 1-13, Oslo	Oslo Municipality Planning and Building Services	13,200	Renegotiated
Biskop Gunnerus' gate 6, Oslo	Statsbygg	9,300	Renegotiated
Møllendalsveien 6-8, Bergen	Municipality of Bergen	7,400	New
Sundtkvartalet, Oslo	Fellesforbundet	4,400	New
Hagegate 22-24, Oslo	Schibsted	3,500	Renegotiated



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

# Redeveloping the Tullin quarter – two large projects finalised

St. Olavs plass 5  
Redevelopment  
16,500 sqm

Universitetsgt. 2  
Redevelopment  
28,100 sqm

Munchsgt. 4/  
Keysersgt. 13  
13,300 sqm

Universitetsgt. 7  
New build project  
21,900sqm

Kr. Augusts gt. 15,19,21  
New built  
22,700 sqm

Kr. Augusts gt. 13  
Redeveloped  
4,300 sqm

Universitetsgt. 11  
Hotel Savoy

Hotel Savoy

Rebel, Technology house  
Finalised Q3-21

New university project  
Finalised in Q4-19

Redeveloped  
finalised Q4-20

New-built office project  
Finalised Q3-21

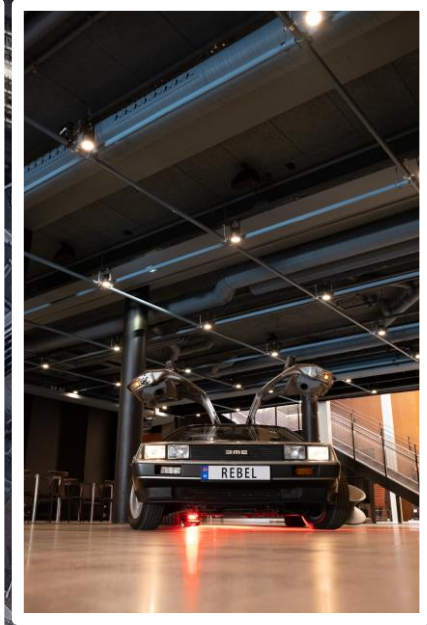
St. Olavs plass 5  
Under redevelopment

# Finalised new build project in Universitetsgata 7-9 in Oslo

- New high-quality office property in Oslo city centre
  - Part of Tullinkvartalet
  - 21,900 sqm
  - BREEAM-NOR Excellent
- 99 % let (25 % pre-let at project start)
- Project cost: 1.3 billion
- Yield-on-cost: 5.8 %



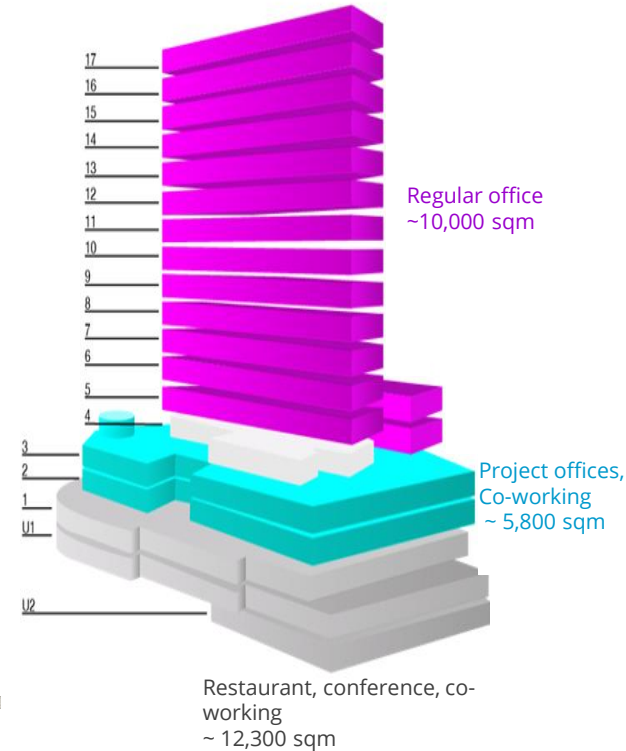
# Finalised re-development project: Universitetsgata 2 - Rebel





# Finalised redevelopment project: Universitetsgata 2 – Rebel

- 28,100 sqm
- 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
- 96 % let (13 % pre-let at project start)
- Total project cost 1.65 bn
- Yield on cost: 5.7 %



# Status 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> (%)
<b>Redevelopment</b>								
St. Olavs plass 5	100	Oslo	Q3-22	16 500	68	1 148	863	4.8
Tordenskiolds gate 12	100	Oslo	Q3-22	13 000	92	1 203	807	4.4
Stenersgata 1	100	Oslo	Q2-23	15 800	57	1 166	731	4.5
Schweigaards gate 15	100	Oslo	Q2-23 / Q1-24	22 900	34	1 362	666	4.7
Møllendalsveien 6-8	100	Bergen	Q4-21 / Q4-22	14 200	95	636	459	5.2
<b>Newbuild</b>								
Nygårdsgaten 91-93	100	Bergen	Q4-22	11 900	14	619	339	5.3
Holtermanns veg 1-13 BTII	100	Trondheim	Q2-23	20 900	29	703	202	5.7
<b>Refurbishment</b>								
Hagegata 22-24	100	Oslo	Q4-21	10 100	100	433	414	5.5
<b>Total</b>				<b>125 300</b>	<b>59 <sup>3)</sup></b>	<b>7 269</b>	<b>4 480</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 cost of land)

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

# GRESB 5 Star rating and EPRA Sustainability BPRs Gold Level



**92**  
GRESB Score **Green Star**  
GRESB Average 73 Peer Average 86



**29**  
Management Score  
GRESB Average 26 Benchmark Average 26



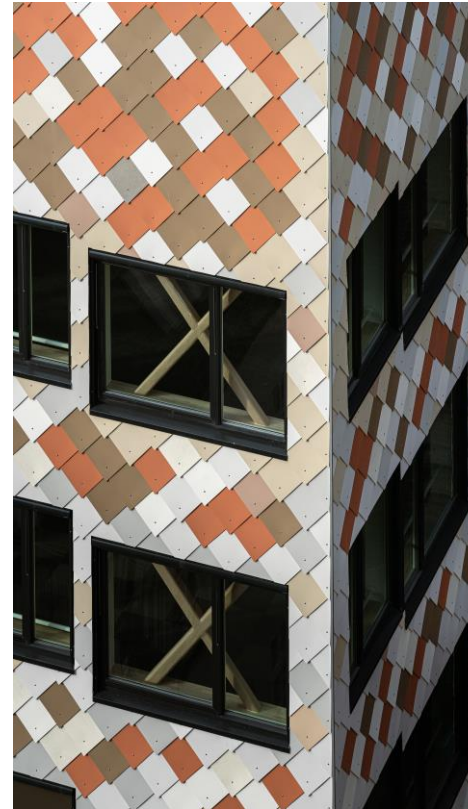
**63**  
Performance Score  
GRESB Average 46 Benchmark Average 59



# Sprinkle of awards for re-use project in Kristian Augusts gate 13

## Awards and prices achieved:

- **Green company of the year**, Oslo Municipality Environmental Award
- **Government Award for Building Quality**, Norwegian Directorate for Building Quality
- **The transformation project of the year**, OMA Awards, Oslo Urban Week
- **DOGA's Medal of Honor for Design and Architecture**
- **Future Built plaque**, Norway's first circular building
- **Sustainability Award**, Storebrand Eiendom
- **Norwegian Tech Award in the construction category**, Teknisk Ukeblad
- **Nominated and finalist for:**
  - **European Union Prize for Contemporary Architecture** – Mies van der Rohe Award 2022
  - **The Buildings Industry's Innovation Award**, the Norwegian Construction Industry Association
- **Nominated for:**
  - **Oslo City Architecture Prize**, Oslo Municipality



- Pioneer project in circular economy
- 80 % re-used materials
- 70 % CO<sub>2</sub> reduction in used materials
- 45 % CO<sub>2</sub> reduction vs standard building

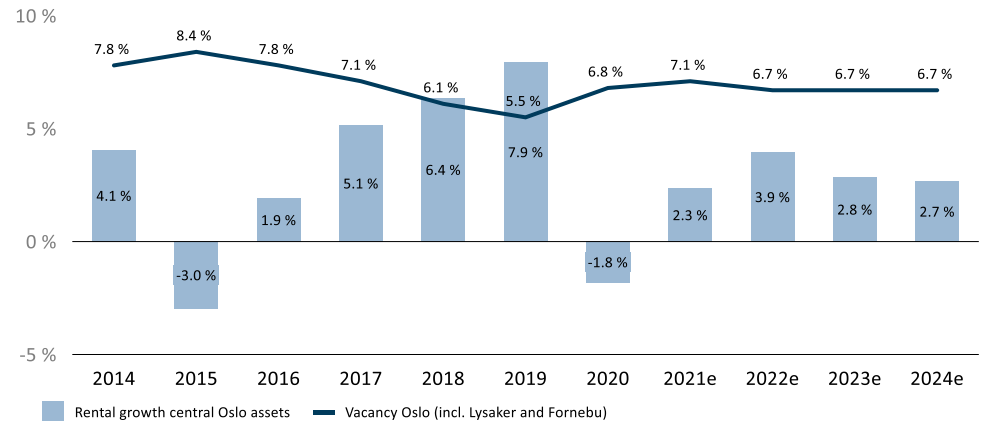


# Market development

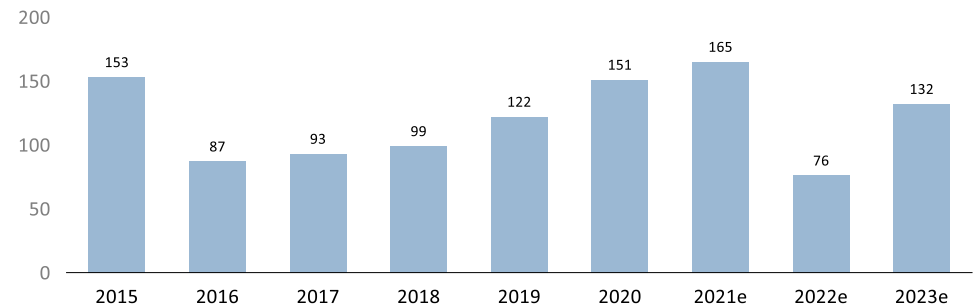
## Rent and vacancy

- Post Covid – Now what?
  - Activity level in the letting market is steadily increasing, pick up expected to continue
  - Increased level of renegotiations, expected to be temporary
  - New lease contracts signed at same average size and duration as before pandemic
- Limited new supply and solid economic growth implying strong letting market going forward
- Vacancy believed to have peaked at around 7 %
- Higher short term inflation; CPI at 4.1 % in September
- Regional cities remain solid and stable

### Market rental growth and vacancy in Oslo



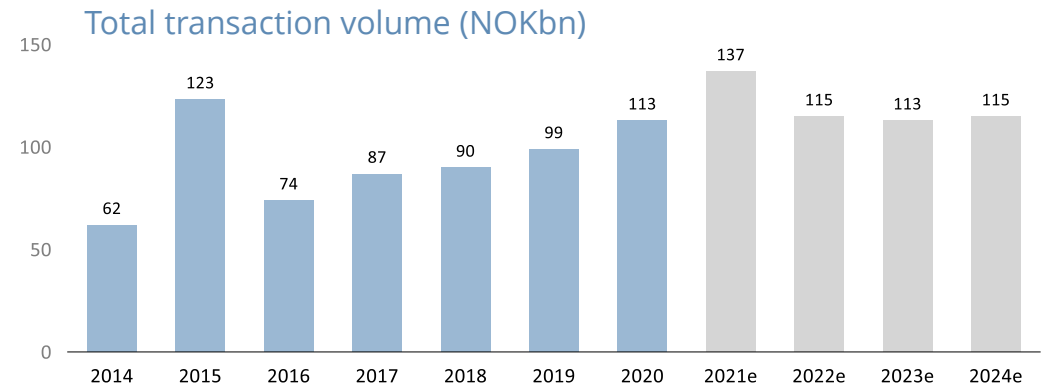
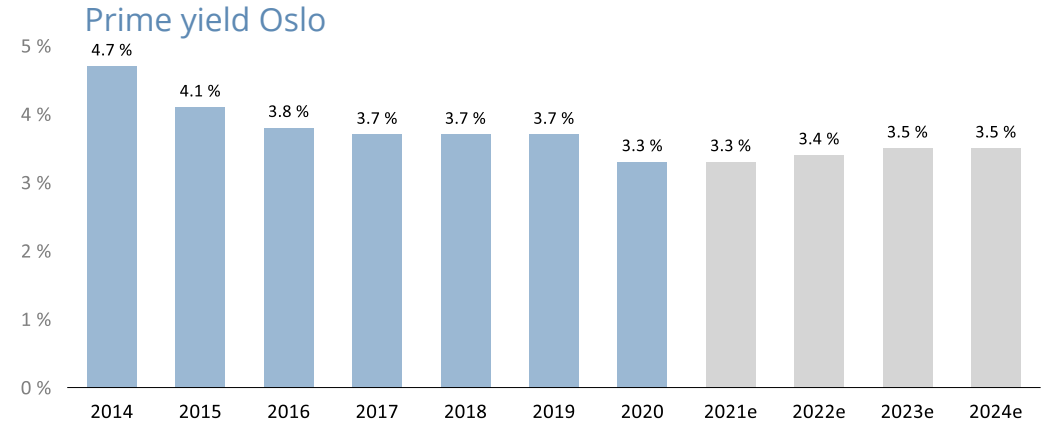
### Newbuild volumes Oslo (1,000 sqm)



# Market development

## Transactions and yields

- Transaction volumes may see record high levels in 2021, total transaction volume of around 87 bn YTD
- Competition for attractive properties and projects continue to be strong
- Competitive financing market and rental growth expectations have balancing effects on rising interest rates
- Prime yield remain at 3.25 – 3.30 %



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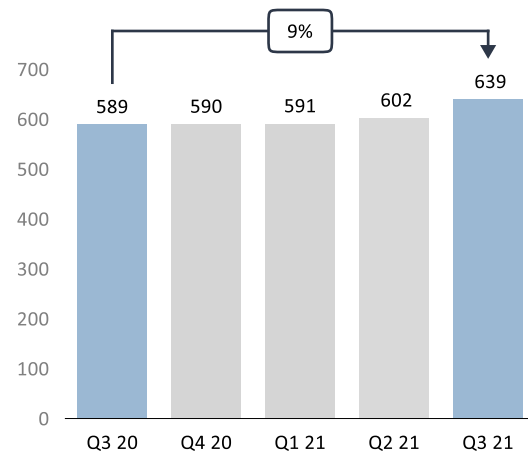
Q&A

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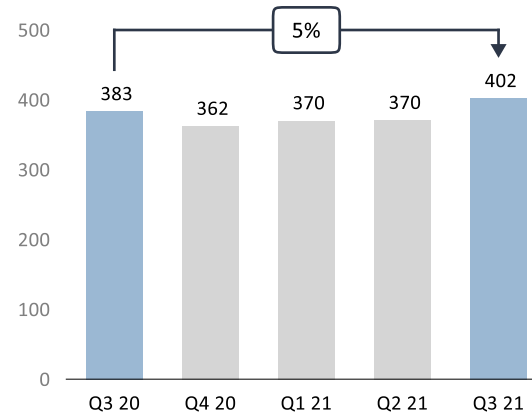
# Key financials

NOK million

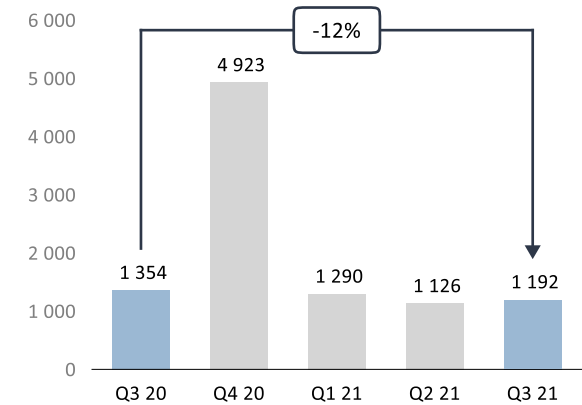
## Rental income



## Net Income from property management



## Profit before tax

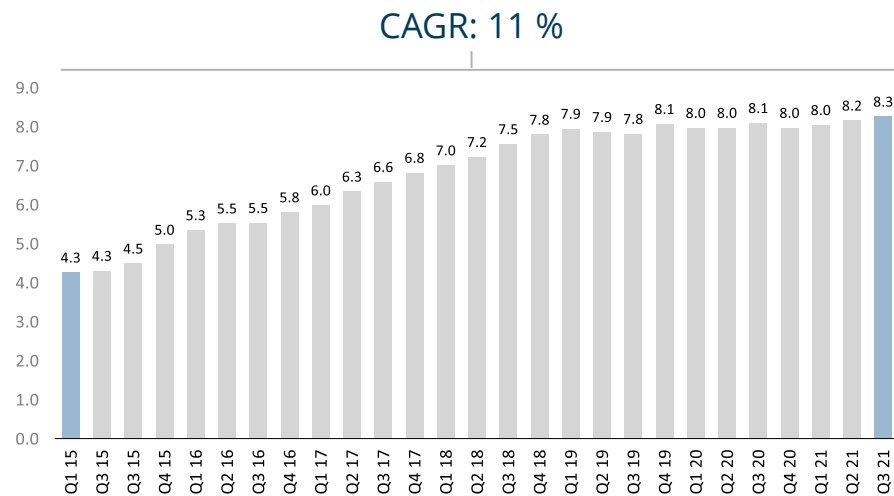




# Key financials per share

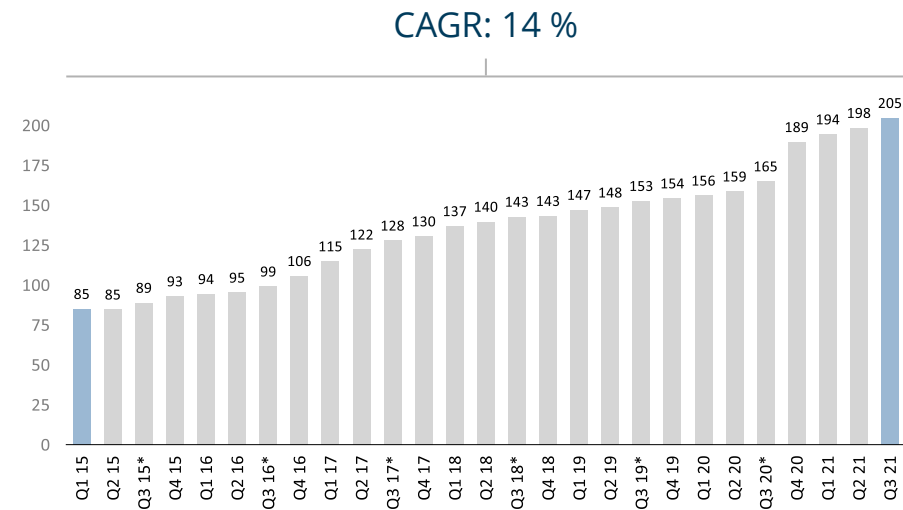
NOK per share

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



1) Annualised, rolling four quarters

## EPRA NRV



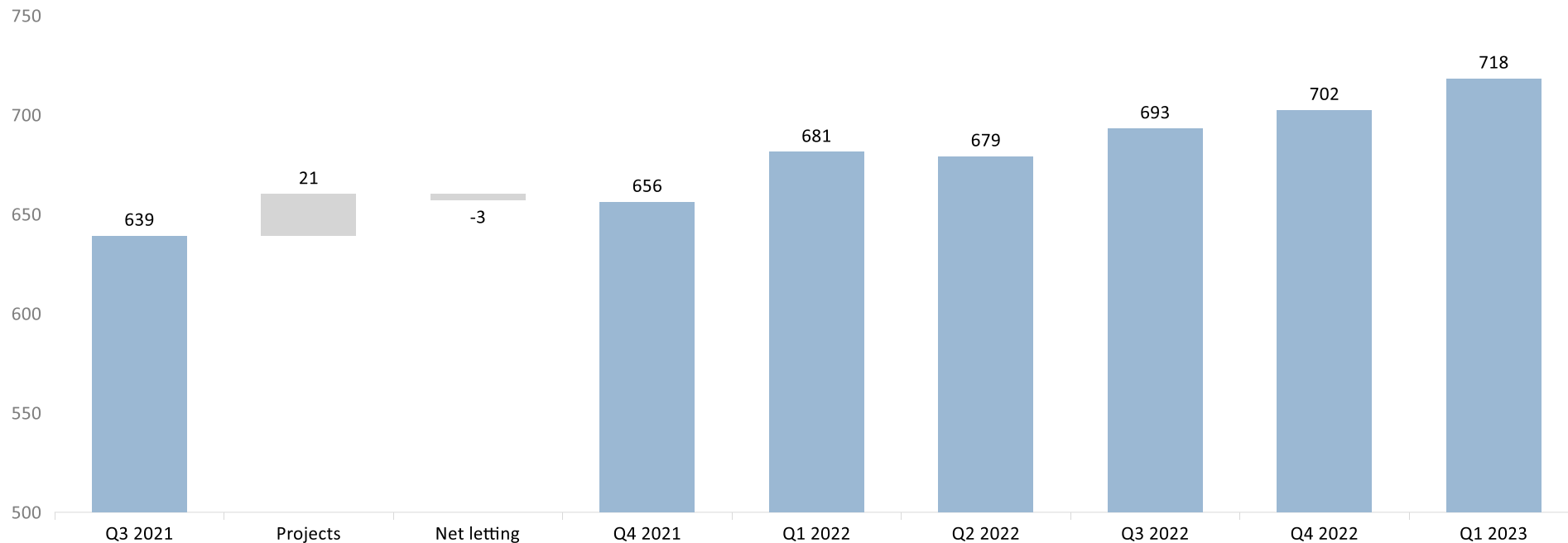
\*) Calculation of EPRA NAV metrics modified from Q3-15 to include dividend approved, but not paid at period end

# Profit and loss statement

All amounts in NOK million	Q3-21	Q3-20	YTD Q3-21	YTD Q3-20	2020
Rental income	639	589	1 832	1 763	2 353
Operating costs	-58	-46	-172	-154	-211
Net operating income	581	543	1 660	1 609	2 142
Other revenues	15	31	52	69	113
Other costs	-7	-20	-33	-42	-79
Administrative costs	-43	-42	-139	-131	-186
Share of profit from associates and JVs	-7	53	34	92	120
Net realised financials	-141	-129	-396	-417	-541
Net income	398	435	1 178	1 179	1 569
- of which net income from property management	402	383	1 142	1 089	1 451
Changes in value of investment properties	780	892	2 286	1 511	5 980
Changes in value of financial instruments	14	26	145	-339	-275
Profit before tax	1 192	1 354	3 609	2 351	7 274
Tax payable	-4	-3	-11	-13	-26
Change in deferred tax	-259	-283	-768	-489	-1 552
Profit for period/year	930	1 068	2 830	1 850	5 696

# Rental income development based on reported events\*

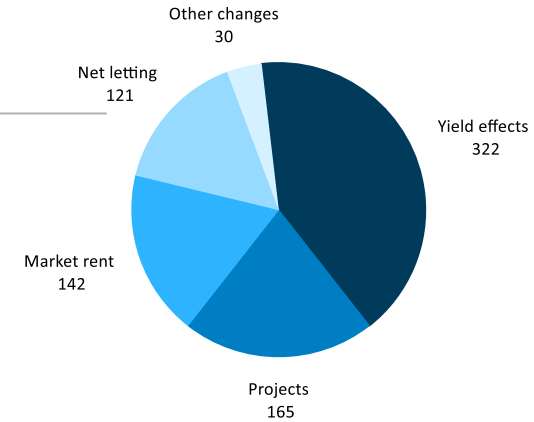
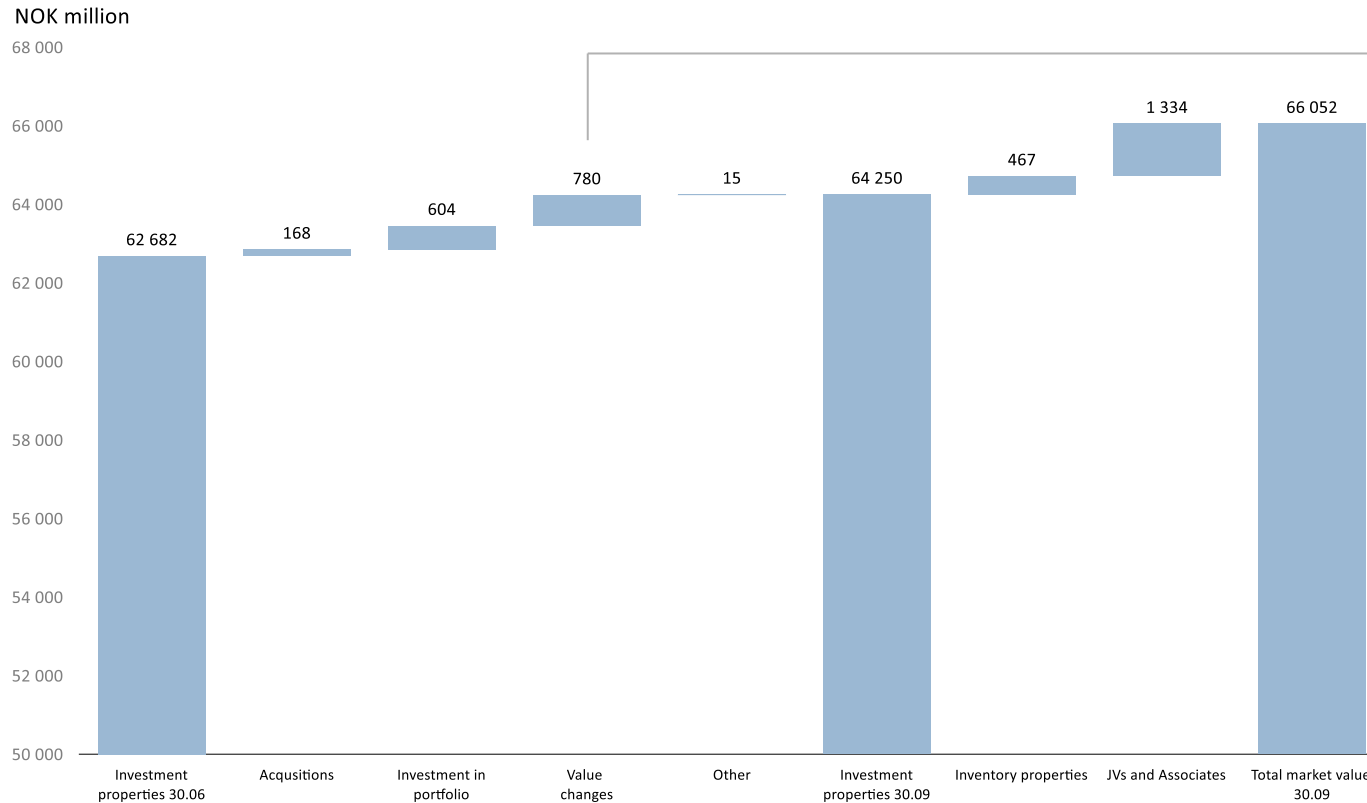
NOK million



\* 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

# Property value development

100% = 780 m



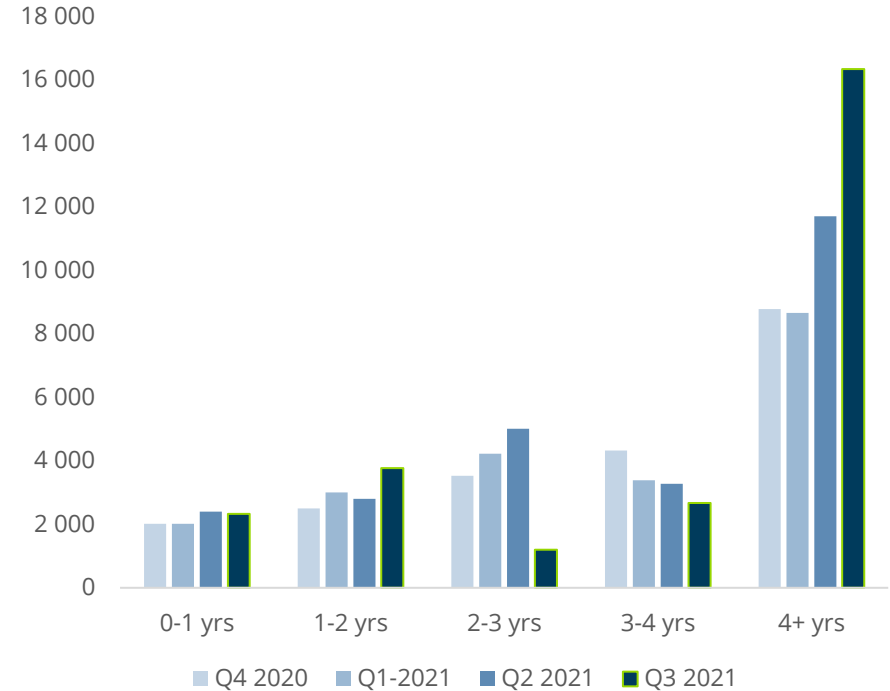
# High financing activity in the quarter

- Refinanced commercial paper portfolio of 1.2 bn
- Significantly increased volume and maturity profile of green bond portfolio
  - Issued 7.4 bn in new green bonds
  - Repurchased 4.4 bn of existing bonds
- Extended term to maturity of 8.3 bn bank financing
- Liquidity position significantly increased from 6.4 bn to 8.2 bn



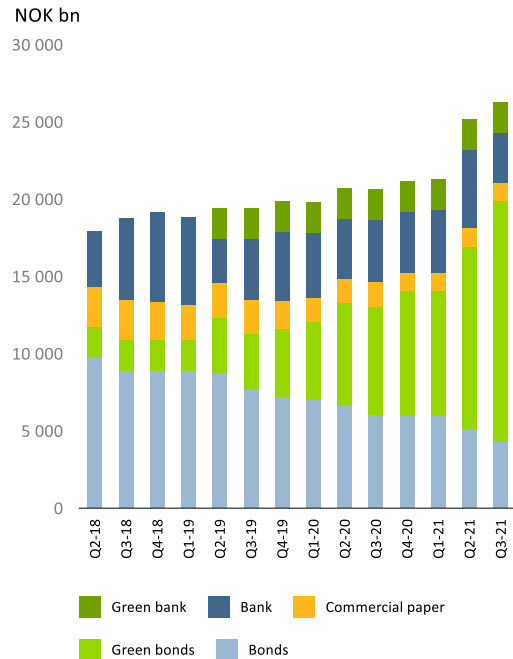
**Average debt maturity increased from 5.0 to 6.1 years on attractive terms**

Maturity profile of interest bearing debt

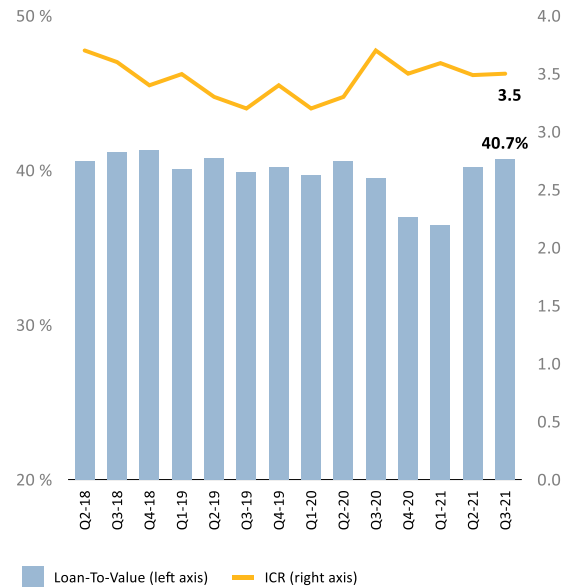


# Financial update

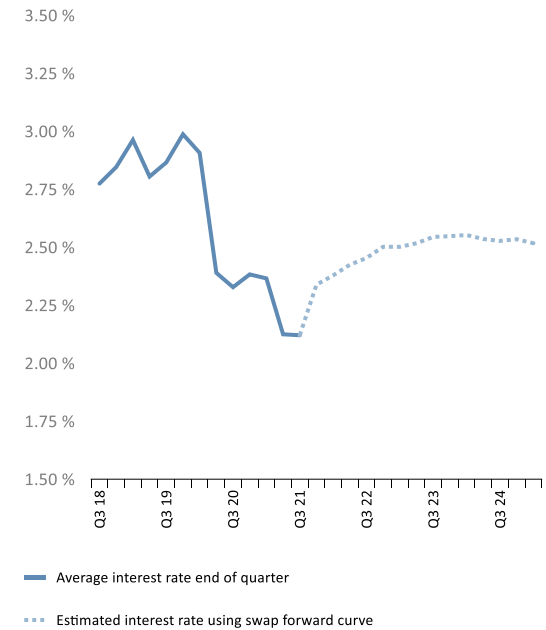
## Financing mix



## LTV and ICR



## Development in avg. interest rate



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# Closing remarks and outlook

- Solid market fundamentals
  - Returning to the office post Covid
  - Letting activity is picking up
  - Limited near term new supply of office space
  - Very strong transaction market
- Progressing the highly profitable project pipeline
  - Finalised two large projects at Tullinkvartalet at YoC 5.7 % and 5.8 %, lifting the attractiveness of the whole Tullin area
  - 125,300 sqm under development at YoC between 4.4 % and 5.7 %
  - Shadow pipeline progressing according to plan
- Strong balance sheet and capital structure, potential to add significant further growth





Next event  
4<sup>th</sup> quarter results  
11 February 2022

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